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German Documents: Conferences With Axis Leaders, 1944

The Führer and the Duce, with their diplomatic and military advisers, meet in the first of a series of conferences held near Salzburg in April 1944. The Duce as head of the Republican Fascist regime analyzes frankly the difficulties of his position. He recounts the contributions of his new government to the Axis war effort and those present discuss the difficulties arising in warfare against the Partisan movement.

Memorandum of the conversation between the Führer and the Duce at Schloss Klessheim, April 22, 1944, 11 A.M. to 1 P.M. Also present the Reich Foreign Minister, Field Marshal Keitel, Ambassador Rahn, SS-Obergruppenführer Wolff, General Tausen, Lt. Colonel Jandl, SS-Standartenführer Dollmann, Marshal Graziani, Under Secretary of State Mazzolini, Ambassador Anfuso, and the Italian Military Attaché in Berlin, Colonel Morera

Führer's Memorandum 18/44
State Secret

The Führer opened the discussion by stating that Minister Schmidt had had an automobile accident and that Colonel General Hube, the commander of the First Panzer Army, had been the victim of an airplane accident. The Führer said that because of that he had decided he would never make the Duce a present of an airplane.

The Duce then took up the discussion with a general description of the situation. When he had taken over the administration seven months previously he had encountered absolute chaos; for when his regime had collapsed a real catastrophe had ensued. This state of disorganization had assumed proportions which he had no conception of in the period immediately after his liberation.

On September 23, 1943 he had formed a government, the first meeting had taken place on September 27, and thereafter hard work had begun. His task was beset by various difficulties. First

of all in this connection he would discuss the matter of the internment of the Italian troops. This measure had at the time been entirely advisable and thoroughly necessary, for the majority of the Italian troops following the catastrophe had been misled as a result of enemy propaganda. He would have to state, however, that some six or seven million Italians were interested in the fate of the Italian military internees, that is to say, all of their relatives and dependents, and that the morale of the Italian people would be appreciably heightened if an improvement in the situation of the military internees could be brought about.

The measures taken in the Alpine foreland and in the Adriatic coastal area constituted a further difficulty. These measures were necessary at the time and were also beneficial, for the coastal area was inhabited by Slavs who were hostile to the Italians and the Germans. However, while they feared the Germans, they had considerable disregard for the Italians.

The Italian population was composed of three groups politically:

1. A minority who were favorably inclined to

These are translations of documents on German-Italian conversations, secured from German Government files, and are among the German official papers which the BULLETIN is currently publishing.

the Republican-Fascist regime. This group, however, was actually a minority.

2. The great majority of the population, who stood between skepticism and pessimism. Only the Republican-Fascist Party, which had adopted a favorable attitude with respect to the Germans, represented a source of strength among these numerous skeptics. It would therefore be well if, on the German side, a declaration of solidarity with the Republican-Fascist Party could be issued. He (the Duce) believed that it was a mistake to make only a small minority, or on the other hand, a far too large number, into Party members. The right figure would be one million and the number of party members would be set at this figure. Naturally in taking in new members one must be very careful, for all of the Party members ought to be soldiers who would believe, obey, and fight.

[3.] The third group among the Italian people included those who were hostile. The monarchy had been eliminated both as a personality and as an institution. The republic was already a very widespread concept. Only a few plutocratic aristocrats were against it. It was important that by means of truly social measures the whole population should be won over for the republic. Measures on a large scale would have to be undertaken in the field of social legislation for the structure of Italy had not yet been changed. No disturbance in production would result if these changes were carried out at the present time. Strikes were entirely under control. Only 200,000 workers out of many million had gone on strike for periods ranging from ten minutes to eight days. The duration of eight days had only been attained because free play had been allowed to strikes, in order to be able to carry out radical measures.

The enemies of the present regime were divided into six parties. Beside the Monarchists they were mainly Communists and Liberals. In South Italy the number of parties had risen to 20. There was the enemy who was to be taken most seriously, the friend of Stalin, Togliatti, who, as Minister without Portfolio, had joined Croce, Sforza, and the unimportant Rodino. Togliatti sought to achieve conciliation among the various classes of the population. He would not be successful in this due to the contrasts existing in South Italy. It could already be stated that the measures of Badoglio

to obtain troops were a failure. The Duce here mentioned that in North Italy there were living 32 million Italians while for the efforts of Badoglio in South Italy there were only 6 million available.

The attitude of the Church was hesitant. The Pope, it was true, was neutral; the clergy, however, had adopted a reserved or even a hostile attitude.

The food problem presented a great difficulty. Ambassador Rahn had developed a very useful activity in that connection. The Po Valley in itself was the granary of Italy. The difficulties lay principally in the transport problem. If only 1,000 motor trucks could be made available a satisfactory provisioning of the whole Italian people would be possible. The situation in Rome was the worst. There the population had been increased to between two and three million by the influx of refugees from South Italy.

Badoglio's declaration of Rome to be an open city had been a mistake, for Rome was not a collection of buildings and palaces, but it was an idea. It would have been endurable if the newly constructed portions of Rome had been destroyed and if the center from the Colosseum to the Forum perhaps had been spared. Up to now, however, Rome had already suffered thirty attacks in spite of the declaration that it was an open city. Roosevelt stated today that the question of the destruction of Rome depended on the Germans. The Germans were now stationed only around the edges of the city while the enemies of Italy could perpetrate their misdeeds on the center. The English and the Americans were making the provisioning of the city more difficult through their bombardment of the approaches. The population was thus receiving only 100 grams of bread per day and for some months now no fat at all. Prices had risen to astronomical levels and only the millionaires were able to buy on the black market. From that arose the danger that Communist organizations and the National Committee of Liberation which was in existence in Rome also would make use of the discontent and that chaos would ensue in Rome. The police were not entirely reliable. The principal contingent of police was composed of the P.A.I. (Italian African Police), whose attitude could best be described by their somewhat humorous designation as the "Italian Anti-Fascist Police". In this police contingent

the 400 officers served as privates. They were well armed. In addition there were the papal police who were for the Pope and therefore against the Duce. Only the civil police could be characterized as good. That was the way things stood in Rome, while the front was only thirteen kilometers distant from the city.

The Duce emphasized the necessity of defending Rome, for from the loss of Rome would ensue not only military, but particularly political consequences, since Rome was the spiritual center of Italy. Also the establishment of a new front line, which would have to run along the Apennines from Savona to the Abruzzi, would present difficulties, for such a front would be too long.

It had been demonstrated that the English were good soldiers, but that the Americans were not, since they had lived too well and did not want to die. If Kesselring had had sufficient forces Monte Cassino ought to have been made into a new Pass of Thermopylae.

The strengthening of the Italian Republic was in the interest of Germany. For that reason a recognition of the efforts which Italy had made since September 8th of the previous year seemed important to the Duce. Sauckel had requested one million workers, Göring for his flak activities had asked for 200,000 Italians, Kesselring for 62,000, the German Navy 27,000 and, finally, 8,000 Italians had been required for smoke-defense units. Besides, Kesselring had asked for 16 additional battalions for coast defense. This made a total of 1.3 millions. He (the Duce) was prepared to supply these. In order to do so he would call up the classes of 1919 to 1922.

These results had been and would be achieved in spite of German transport difficulties in Italy, especially around Rome, and in spite of the numerous headquarters of the Government, which were scattered over all of North Italy. Great results were being demanded from the Italian people. For that reason, they must also be given the impression that the new Italian Government had an independent position and that there were certain fields in which it had complete control, even though there were others in which it operated jointly with Germany. The catchword of the enemy propaganda to the effect that the Italians were only held down by German bayonets would have to be destroyed. Only then could the Ital-

ians be required to make further sacrifices. Italy had lost 400,000 dead, and 100,000 civilians had fallen victim to bombings. Many had lost all their possessions, cities had been destroyed and, what was especially hard to bear, irreparable losses had been suffered in the artistic field. These works of art could not be recreated in concrete as the Americans had said.

Italy was prepared to lose all but one thing, her honor. The Germans must have complete confidence that the new Italy had burned her ships behind her and was determined to march alongside the Germans to the end. That was the pledge made by the new Italy. He (the Duce) believed that the Americans and English had already lost the war. There were, however, not only military but also political possibilities. It might be that Stalin would follow Lenin and defend only his own boundaries, since Lenin had said that the proletariat of the different countries should each make its own revolution with only the moral assistance of Russia. It was true that one could not state this as a certainty because Stalin had now become an army chieftain and had made himself Marshal, but the sacrifices of Russia were so great that Stalin would perhaps be satisfied. That was what the Italian people believed, who saw in England their enemy Number One. If England were defeated the war would be won and England also would be plundered.

The Duce then requested the Führer to listen to a statement by Graziani, who would report on what Italy had accomplished in the interest of the joint conduct of the war. The Italians had done their best. The Communists sought to frighten the Italians by terrorism. Fascists in uniform were shot down on the streets and only the most severe counter-terrorism could produce a change in this situation. The Duce believed in the possibility of bringing about a complete rehabilitation of the Italian people.

Marshal Graziani first reported that when he had taken over his command in September of the previous year absolutely nothing had been available for the reorganization of the Italian armed forces. The first months had been very difficult. Thus, for example, he had had no telephone or telegraph service which, of course, were being used exclusively in the service of the German Wehrmacht, and he had had to transmit all of his

messages by radio. Of the seven months he had been able really to work only during the last three months. The officer corps had even in the most favorable circumstances adopted a passive attitude. First of all it had had to be made clear to the officers that their oath to the King had become of no effect. Those who had been prepared to cooperate had often undertaken to do so only for reasons of opportunism. Therefore commissions of officers had been set up, under the supervision of generals and manned by reliable Fascist officers, to sort out the Freemasons and Jews. This activity had been aided materially by the discovery of a list dating from the years 1926-27 which showed the membership of Italian officers in the Freemasons. An additional problem had been the relationship of salaries to those of the Germans. The differential in the payment of the members of the German and the Italian armed forces had previously continually caused bad feeling. The improvement in the position of the Italian officers had, however, attracted a new wave of opportunists into the new army. Graziani had, however, adopted a very rigid attitude. All of the officers were examined with regard to their attitudes and an attempt was also made to carry out a process of rejuvenation in the armed forces. Since October of the previous year a new law modeled on the one framed by Von Blomberg had been in effect. The Royal Army had been dissolved; the new army was built up on a volunteer basis. Although all of the officers had to be loyal Fascists, they were forbidden to engage in any sort of political activity during their period of service.

At this point the Duce interjected that while it was true that these officers were and remained members of the Party, their activity was in abeyance.

Graziani stated that everything would be done to meet the requests of Kesselring for the defense of Rome (flak, defense of the lines of communication, coastal defense). Unfortunately, however, even with the best of will, this was not always possible.

The classes of 1924 and 1925 were now being called up. Therewith a new difficulty had appeared, to wit, that there was not a sufficient number of police available actually to compel those who had been called up to comply with the orders to report for induction. Although over 100,000

men had come in, there were still many slackers. For that reason the death penalty had had to be introduced, not only for deserters, but also for those who sought to avoid service, although according to Italian military law previously such persons could be punished at most by 20 years in prison. The consequence of this measure was that 60,000 to 70,000 men had reported. Now enemy propaganda was again being spread to the effect that the Italians should not only individually avoid their duties to report for service, but even that whole troop units should abandon their barracks, as neither the Germans nor the Italians would dare to shoot four or five hundred deserters. Propaganda to the effect that Germany had already lost the war and the activity of the Partisans operated in the same direction. Graziani and his Chief of Staff, General Mischi, were combating these movements with relentless energy.

The operations against the rebels were also of great importance. Obergruppenführer Wolff was doing everything that could be done. The struggle against the rebels was also of importance for the increase of the prestige and authority of the Italian Government. Ten to twelve battalions were already being employed against the rebels. The rebels were well armed and were equipped with everything and the English were supplying them by dropping arms, radio sets, and even uniforms. In comparison the Italians were poorly armed and, most important of all, had no motor trucks. It was only with difficulty that they could properly fulfill their mission of defending the Apennine passes. Graziani asked to be allowed to speak with complete frankness about one point. Since September 8, 1943 the Italian warehouses had been emptied. Now for the newly inducted troops there were no longer uniforms on hand. The classes of 1924-25 and 1922-23 had been called up. Often there were no uniforms available for the recruits. The Italian people were saying that the contents of the storehouses had been taken to Germany, but on the German side it was answered that there had been nothing there. Doubtless a great deal had been stolen and had been transferred to the black market. Graziani made the proposal that General Leyers, who was in control of industry, should put several establishments at the disposal of the Italians in which they could manufacture their own requirements. The Germans should exercise supervision. Grazi-

ani asked for that expressly. Otherwise there would be nothing other than to buy on the black market, which was left wide open to inflation. He did not need to state that there were also no arms on hand. In that respect also some improvement could be realized since the factory at Gardone-Val Trompia, which was now producing 1,500 rifles per day, was increasing its output to 3,000. At this point the Führer expressed a doubt that the factory was actually producing that many rifles. Graziani stated, however, that the figure he had mentioned was correct.

Graziani stated further that he was no pessimist and that he had spoken only the truth with the greatest loyalty. He wished in conclusion to give a picture of the situation with respect to what Italy had already supplied toward the joint conduct of the war. Approximately 70,000 Italians, or 70 battalions, had joined Marshal Kesselring. Richthofen, for his sphere of activity, had been furnished 51,000 men. There had already gone to Germany for the setting up of two divisions 22,000 men. The rest would arrive in the course of the month of May, so that four divisions could be set up in Germany. Additionally Marshal Kesselring had secured 40,000 men in work battalions organized along military lines; 30,000 men were at their stations available for his own needs; 150,000 were included in the new Italian police, the Guardia Republicana. With several other contingents, that made a total figure of 400,000 men who were in service in Italy on the German side. Graziani concluded his remarks with a request for the support of his efforts not only for the setting up, arming, and clothing of his units, but also against the enemy propaganda.

The Duce then took up the discussion with further remarks on the subject of the Partisan movement. He estimated their numbers at 60,000, or somewhat more, made up of refugees, escaped internees and prisoners of war, and lastly some 6,000 escaped convicts. Naturally the Partisans had also drawn some strength from the anti-Fascist elements. The bases of the movement were various. In Piedmont, for instance, the Partisans claimed to be patriotic and to be willing to fight against the English also. The most dangerous were the organized Communist bands, whose leaders were Slavs. Recently a Russian leader of a Partisan band had been captured and shot. Obergruppenführer Wolff stated that the struggle was being

carried on sternly and relentlessly and that the Partisan movement was cracking up [*abbröckele*].

The Duce said that the Partisans were being outfitted with English and also with Italian weapons. By night the Partisans built fires so that the English would know where to drop particular articles for them. Most of them had no uniforms, but such of them as were Communists wore a red star. They were not courageous; only the leaders of the bands defended themselves to the last. The principal Partisan area was Piedmont, yet even there in the recent period they had suffered heavy losses.

Wolff remarked here that in the valleys infested by the Partisans good results had been achieved by deporting the entire male population. The Duce said that the Partisan movement was the most dangerous in the Apennines, where only four highways led from north to south. An operation which was now being carried on against the Partisans in Romagna and Tuscany had produced good results. For the combating of the Partisans the police were principally employed. The Republican Guard still included some 40,000 Carabinieri, who in their hearts were still loyal to the King and were therefore unreliable. Those who had been born before 1900 had now been discharged and replaced by new recruits. At the present time there was being created at Parma a corps of Apennine riflemen. Among them were 3,000 men from the Party and 9,000 from the army. This corps of 12,000 men was intended to be employed against the Partisans. In that connection it was to be noted that the Partisans, some of whom were of an anarchistic trend and distributed the property of the rich among the poor, in certain areas enjoyed the sympathies of the population. Obergruppenführer Wolff remarked that he would take care of the arming of the 12,000 Apennine riflemen, but that he had no motor trucks available.

Marshal Graziani noted in conclusion that the supply routes in the direction of Rome were now being kept open by eight battalions (Germans and Italians).

The Führer interrupted the discussion at this point because he had an important conference and it was agreed to resume the conversation along the same lines at 4 p.m.

SONNLEITHNER

BERGHOF, April 23, 1944

A NATIONAL RUBBER PROGRAM

by Harlan P. Bramble

Because of the dynamic character of the rubber situation, the Inter-Agency Policy Committee on Rubber is giving attention to a detailed program for the transition from government to private enterprise and is planning to establish some form of national rubber supervision. In addition, the Committee has proposed to deal with research and development and with the administrative method by which a minimum use of the general-purpose synthetic rubber can best be assured.

In the highly complex modern American economy rubber has occupied a key position because it is an indispensable part of our transportation system and also because its peculiar qualities are needed in a long list of strategic items. The problems created by the loss of access to Far Eastern rubber-producing areas during the war affected the operations of a number of the departments and agencies of the Government. The prospect of the ending of the war did not remove the perplexities but added prospective post-war difficulties to their operations. The Department of State, in a letter dated June 28, 1945 addressed to the Office of War Mobilization and Reconversion, took the initiative in suggesting the formation of an interdepartmental committee to formulate policy regarding post-war rubber affairs.

Recognizing the importance of the question, John W. Snyder, then Director of War Mobilization and Reconversion, formulated the Inter-Agency Policy Committee on Rubber, under the chairmanship of William L. Batt, in September of 1945. It was directed to survey plans and programs of the agencies for—

1. The maintenance of a synthetic-rubber industry;
2. The maintenance of stand-by rubber plants;
3. The disposal of surplus rubber plants;
4. The encouragement of rubber research and development;
5. The establishment of a strategic stockpile of rubber;

¹ See W. T. Phillips, "Rubber and World Economy", BULLETIN of June 2, 1946, p. 932.

6. The development of wild and cultivated natural rubber in South America;

7. The establishment and maintenance of a mutually advantageous program for importing natural rubber from the Far East.

The Committee was also to submit to the Director of the Office of War Mobilization and Reconversion recommendations on matters requiring action by the President, the Congress, or the Director.

In March of 1946, a first report, as submitted to the President and the Congress, was made public.¹ It contained a set of short-run and long-run recommendations. However, the dynamic character of the rubber situation and the recognition that some of the problems involved required more study led the Committee to postpone the final recommendations pending the issuance of a second report.

Of the short-run recommendations, two required further development:

1. Except for facilities producing specialty rubbers (neoprene, butyl, perbunan, etc.), styrene, and certain chemicals (which may be disposed of forthwith), a detailed program for the transition from Government to private enterprise would be contained in a subsequent report.

2. Some form of national rubber supervision should be established.

In addition the Committee proposed to deal more fully with the following topics:

1. Research and development.
2. The administrative method by which a mini-

imum use of general-purpose synthetic rubber could best be assured.

The Committee faced the problem of what may be called the price-quality differential between synthetic and natural rubber. At the present time natural rubber is admittedly superior to synthetic rubbers in many fields of use including that of tire casings, which accounts for about 65-75 percent of rubber consumed. This superiority flows from a number of characteristics—less heat build-up and greater resistance to heat break-down, ease of working with consequent lower rates of rejects, ability to self-adhere, and others. In a number of specialty uses, such as those which require resistance to oil and grease, resistance to aging from sunlight, or impermeability to air, some synthetic rubbers are more desirable than natural rubber is. Of course, the preference on the part of consumers for natural or synthetic rubbers depends upon the relative price at which each one sells, compared with the qualities desired in the product to be consumed. This price-quality preference will vary quite widely between different kinds of rubbers according to the end products in which they are used.

The first report had distinguished between so-called "special purpose" rubbers (neoprene, butyl, etc.), which could be expected to find a substantial market unaided, and a "general purpose" rubber. By the latter was meant the type of synthetic rubber which is presently called GR-S (a butadiene, styrene copolymer).¹ A general-purpose rubber should be usable in a wide variety of products, and its production must be capable of rapid expansion. However, the use in which this rubber was most important was tire casings. It was this type of rubber, or one which would serve its purpose, which under the conditions foreseen at the time of the first report was to be maintained in sufficient volume to meet at least one third of our rubber requirements in that general-purpose field.

A very good passenger-car tire can be made from GR-S with only a few ounces of natural rubber. It will even outwear pre-war natural-rubber tires and compares favorably with pre-war tires in safety at reasonable speeds. It is recognized that superior tires could be made with larger percentages of natural rubber, and in the absence of a substantial price differential in favor

of GR-S the natural materials would be preferred. Nevertheless, passenger-car tire needs could be adequately met with known domestically produced rubbers.

The case is otherwise with truck tires. The heat built up by rapid flexing in large synthetic truck tires causes them to break down more frequently than is safe in modern truck transportation systems. The largest sizes of truck and bus tires must contain natural rubber almost exclusively. These are the types in which production must be expanded in an emergency. National security in this sense will require a stockpile of natural rubber, from which big truck and airplane tires may be built. There are other strategic uses in which synthetics cannot substitute for natural rubber but the big tires are by far the most important.

Although the quality deficiencies of GR-S are relative to the price in the case of passenger tires, its inferiority is more nearly absolute in the case of truck and bus casings. Safety and mileage are so important in heavy motor transport that even substantial discounts are not likely to persuade consumers to change over from natural rubber.

In the course of the Committee's investigation it became apparent that the concept of a general-purpose rubber, while valid during the war period when synthetic-rubber production was channelized into a few types, would probably not be pertinent in a future peacetime economy. GR-S is a term applied to a family of rubbers, all more or less similar, each of which has special properties of its own. Rubber itself is a part of the wide field of plastics, and the dividing line between rubbers and non-rubbers becomes steadily vaguer as research progresses. It is quite probable that in the future there will be no general-purpose rubber but instead a wide variety of speciality rubbers, each designed to fit peculiar requirements. The tendency in synthetic-rubber production will probably be toward "tailor made" types to fit each manufacturer's special specifications. The troublesome large-tire problem will most likely be solved in this manner.

The question of the way in which natural rubber from Western Hemisphere sources fits into the

¹ Buna S is a term generally applied to the synthetic rubbers which are copolymers of styrene and butadiene. GR-S is the government designation given to Buna S - type rubbers.

national rubber plan has been only partially answered. The first report approved the continuation of experiments by the Department of Agriculture in cultivation and processing of guayule and Russian dandelion. The second report re-emphasized this position. It was also recommended that the developmental work on botanic rubber in tropical America be maintained by the Department of Agriculture. At present this program consists of experiment stations operated by the Department of Agriculture which aim to improve and distribute high-yielding, disease-resistant stock together with technical advice on cultivation. The consideration of plans to make use of natural-rubber supplies in the other American republics, as well as arrangements to meet the requirements of the Americas in time of emergency, has been left to the future.

With respect to synthetic rubber, the problem before the Committee was two-fold. First, it wished to insure the continuance of a basic minimum production of synthetic rubber which could be expanded in time of emergency. Secondly, it wished to insure this basic minimum under conditions which would promote rather than hinder the development of new synthetic plastics which could replace natural rubber in those products in which that was not now possible. Within the framework of these two national security requirements, the Committee wished to see established an industry which could stand on its own feet without Government protection, not only to save the public the expense and lower living standards resulting from supporting uneconomic industry, but also to coordinate national rubber policy with national foreign trade policy as set forth in the suggested charter for an International Trade Organization.

The Committee recommended that the industry be placed in private hands as soon as practicable. The major reason for this step was the effect it was expected to have on research and development. Without prejudice to the fine job done under public ownership and exchange of patents and technical information during the war, it was considered likely that faster progress would be made toward the goal of improved domestic rubbers under the stimulus of profit to private enterprise. For war purposes the main objective was mass production in a short time of a type of rubber that was adequate for most uses. Such improvements

as could be made without interfering with optimum production were undertaken. For the future the program needs investigation of a wide variety of possible substitute rubbers. The Committee considered the prospect of private gain would lead to the widest participation in the research by industries in both the rubber and general chemical fields. The development of better domestic rubbers was thought to be so important for national security as to outweigh possible objections to private ownership.

Basic plants, which can produce and use butadiene at a low cost, should not be sold before all bids are received, and it is determined that a nuclear group of at least 250,000 tons capacity can be sold to private owners simultaneously. The sale should be subject to two conditions: (1) such plants to continue to produce GR-S during the shortage period; and (2) the plants not to be altered, without the Government's consent, to such an extent that they are not reconvertible in a reasonable period of time to the production of synthetic rubber. In a sense this would put the whole synthetic rubber industry on a "stand by" basis. Conceivably all the privately owned plants could be modified to produce material other than synthetic rubber. The actual production and use of GR-S would come not by Government decree but from self-interest or, failing that, some form of public incentive. This feature of the disposal program would also allow the industry to utilize part of its capacity for rubber and the rest of it for related plastics which would help carry the overhead if that should prove desirable. High-cost units including alcohol butadiene plants could be disposed of unconditionally when declared surplus to the present program, except one alcohol plant which was to be subject to the stand-by condition of reasonable reconvertibility. Any unsold capacity would be held by the Government in stand-by condition for future sale on the same terms if that should prove possible.

The existing compulsory agreements for the exchange of patents and technical information in the styrene, butadiene, and copolymer field should be renegotiated with a view to termination at the time of disposal of the nuclear group of plants. The same reasons advanced for private ownership, namely advancement of research and development, dictated this recommendation. Purchasers of plants will, of course, have access to all the patents

and information in the pool up to the cut-off dates. Also the Government should assist purchasers, to the extent it can do so, to obtain licenses under American-held foreign patents which may be needed in developing foreign markets.

The Congress should establish a national rubber-supervisory body to supervise and coordinate all activities relating to national rubber policy. That body, consisting of an independent chairman and a high ranking officer of each Government department or agency having a substantial interest in rubber, is intended to provide a means of keeping the over-all rubber situation under continuous review and assuring action by report to Congress and the President in advance of any emergency.

The report does not recommend legislative action to protect the market for domestic rubber at this time. It does ask Congress to declare by resolution that the maintenance of a synthetic-rubber industry whose production will be continuously used is essential to the national security of the United States. It is expected that for the rest of 1946 and all of 1947 more than the minimum needed production of GR-S will be forthcoming because of the shortage of natural rubber. After that time there is a good possibility that the results of research now under way together with the competitive self-interest of rubber, petroleum, and chemical industries will have established an industry which can exist without support.

Nevertheless, the lesson of the war must not be forgotten, and if domestically produced rubber cannot stand on its own feet in world competition then a minimum capacity must be preserved by some means. It is in the province of the Congress to determine what that form of support should be if it is ever necessary. The Congress can best determine the proper action in view of conditions and international commitments then existing. The Committee offered the results of its deliberations for consideration by the Congress, if and when there is need for protective action.

These may be summarized as follows:

Tariffs or quotas were regarded as unsatisfactory for several reasons: either would violate definite commitments in existing trade agreements; both are clumsy methods of gaining the desired ends. They are inflexible, and to be certain of effective-

ness they must be so restrictive that they run the risk of overprotecting the industry, thus making it complacent and unprogressive. In addition, tariffs and quotas raise the cost of raw material and make the cost to the public higher than necessary. The internal excise on products containing natural rubber suffers from the same shortcomings as the tariff.

A Government import monopoly would not only be contrary to our general Government policy of promoting private business but would influence foreign governments to retaliate with the same type of organization in the same or other commodities. Other possible methods of intervention were examined and disapproved for sufficient reason.

Two types of possible governmental support appeared to the Committee to deserve special consideration, if and when intervention were deemed necessary. Subsidies, especially end-product subsidies, and product specifications were found to be the least undesirable forms of public aid. The advantage of the subsidy is that the cost of Government support would be met by the Nation as a whole out of taxes. By avoiding artificial raising of rubber prices, the burden to the public would be lower and total rubber usage would not be restricted.

End-product subsidies and product specifications have the great advantage that, operating on the end product rather than on the raw material, they could encourage the development of a wide variety of different materials which might substitute for natural rubber, without discriminating against any branch of industry that wished to develop its own type of product. The end-product subsidy could offer a strong profit motive to develop a successful material for use in large tires. Product specifications afford a means of controlling closely the quantity of domestic rubber to be used. The minimum production of domestic rubber could thus be assured, but no more than the desired amount need be protected. Subsidies and specifications have other advantages by comparison with alternative methods, but these are the most important. The Inter-Agency Committee tended to favor a combination of subsidies and product specifications as a means of assuring, if necessary at that time, security interests at minimum costs and with the least harm to international trade.

WORLD FUND AND BANK

First Annual Meeting of the Boards of Governors

*An article prepared by the
Fund and Bank*

With the convening of the first annual joint meeting of the Boards of Governors of the World Fund and Bank, those international bodies emerge from the preparatory stage to become operating agencies in their respective fields. The article presented here reviews the actions taken at that joint meeting on matters relating to admission of new members, revision of the quotas of certain governments, interpretations of the Articles of Agreement, monetary uses of silver, and organization procedures.

The International Monetary Fund and the International Bank for Reconstruction and Development, jointly fashioned at Bretton Woods in July 1944 and jointly inaugurated at Savannah last March, convened the first annual meeting of their Boards of Governors at Washington on Friday, September 27. The business of the meeting was consummated with dispatch over the next six days. Matters brought before the governors included: (1) requests from four governments for admission to membership; (2) requests from three other governments for an upward revision of their quotas in the Fund; (3) a request from Denmark that it be accorded voting representation on the Executive Boards; (4) interpretations of the Articles of Agreement requested of the Executive Directors of the Fund; (5) a resolution on silver proposed by Mexico; (6) proposed amendments

to the bylaws adopted at Savannah; (7) the rules of procedure developed by the Executive Directors; (8) the procedure for external audit of accounts; (9) the selection of an Advisory Council for the Bank; (10) the election of officers and selection of a place for the next annual meeting. At the conclusion of the final joint session on October 3, two days earlier than originally planned, these matters and others had been disposed of to the apparently wide-spread satisfaction of the governors.

The meeting was attended by representatives of the 38 countries holding membership in the Bank and, in the case of the Fund, by representatives of its additional member, Colombia. One of the early acts of the meeting was to send invitations to non-member countries represented at the Bretton Woods conference and to international organiza-

tions which had stated that they were prepared to send observers. Representatives of Colombia attended sessions of the Bank in an observer capacity. In addition, observers were present from Australia, Haiti, Liberia, and Venezuela, and from the following international organizations: Economic and Social Council of the United Nations; Food and Agriculture Organization of the United Nations; United Nations Relief and Rehabilitation Administration; International Labor Organization; and Provisional International Civil Aviation Organization.

The progress of the meeting was guided by John W. Snyder, Secretary of the Treasury, in his capacity as governor for the United States and Chairman of the two Boards. Following the reading of a message of welcome from the President of the United States by Under Secretary Clayton, alternate governor for the United States, at the first session, the Chairman addressed the governors on the subject of the tasks confronting the two organizations. With the convening of this meeting they had emerged from the preparatory stage to become operating agencies in their respective fields. The expectations that the magnitude of post-war international economic and financial problems would more than tax the individual capacities of nations have been realized. As implements essential to achieving the United Nations goals of productive employment on a wider basis and better living standards, the Fund and Bank were designed to help meet both the immediate post-war and longer-term monetary and financial needs of the world. The United States Congress in increasing the lending power of the Export-Import Bank in 1945 from \$700,000,000 to \$3,500,000,000 did so in the expectation that the International Bank would soon be in operation. A large part of the responsibility for reconstruction loans to countries otherwise unable to borrow on reasonable terms now rests with the International Bank. A companion task, that of insuring that the restrictive and discriminatory trade and currency practices forced on many countries prior to and during the war do not become permanent fixtures of international commerce, falls to the Fund. The Fund can provide vital aid to countries in sustaining imports while their export industries and foreign markets are in the process of restoration. At the present time, the Fund is consulting with each member country to determine the par value of

its currency. By such cooperative action a pattern of rates should be established which will be consistent with the maintenance of international equilibrium and the stability of international currency values. The Fund and the Bank should succeed; their charters are drawn broadly enough to encompass various types of economic and trading systems and to permit the handling of problems as they arise.

A joint Procedure Committee, constituted at the Savannah Inaugural Meeting, steered the work of the meeting and served as an over-all coordinating body. The first sessions of the Board, held jointly, gave way to separate meetings of the Fund and Bank for the purpose of considering the annual reports of each organization and hearing the remarks of Camille Gutt, Managing Director and Chairman of the Executive Board of the Fund, and Eugene Meyer, President and Chairman of the Executive Directors of the Bank.

Working committees, separately constituted, took under consideration the various items of the agenda and reported back their recommendations to plenary sessions of the respective Boards. Chairmanship of these committees was as follows: "Rules and Regulations", J. H. Holloway, temporary alternate governor for the Union of South Africa for the Fund, and James L. Ilsley, governor for Canada, for the Bank; "Quota Revisions" (Fund), Gunnar Jahn, governor for Norway; "Subscription Revisions" (Bank), Joaquin E. Meyer, governor for Cuba; "Membership", Xenophon Zolotas, governor for Greece, for the Fund, and René Ballivian Calderón, governor for Bolivia, for the Bank; "Finance", Francisco Alves dos Santos-Filho, governor for Brazil, for the Fund, and Alois Kral, governor for Czechoslovakia, for the Bank; "Advisory Council" (Bank), Carl Valdemar Bramsnaes, governor for Denmark.

The applications for membership received from Syria, Lebanon, Italy, and Turkey constituted items of first importance on the agendas of the Fund and Bank. The only instance of an other than unanimous decision during the formal proceedings of the meeting occurred when Italy's application came up for consideration. Yugoslavia questioned the policy of admitting an ex-enemy country into membership prior to the conclusion of a peace treaty and in advance of even neutral countries, at a time when it was contended that the

intent of the country to meet its obligations with respect to the United Nations which suffered from its aggression was not clear and when its economic and financial position was such that fulfillment of the responsibilities of membership might prove impossible.

The United States, supported by the United Kingdom, stated that it found no obstacle in international law to the admittance of an ex-enemy country prior to the signing of a peace treaty. The United States observed that the status of co-belligerent was granted to Italy by the Allies as early as October, 1943; that all but two of the United Nations had already extended recognition to the Italian Government in one form or another; that, in view of Italy's contribution to the war against Germany and the status of the new government, the Allies had undertaken to relax the armistice terms previously imposed; that steps toward returning Italy to the international economic community had already been taken with her readmittance to membership in the International Labor Office in 1945 and with the concluding of trade and other agreements between Italy and the United States and other powers; that, finally, the further restoration of Italy to the world economic community through membership in the Fund and Bank was in the best interest, not only of Italy, but also of the world community and of the two organizations themselves. Yugoslavia, emphasizing that her request for postponement was not directed against the Italian people, urged that a unanimous and unhurried decision was desirable, especially in as much as a peace treaty might be signed in the near future. The United States and the United Kingdom pointed out that, in view of the special circumstances surrounding the Italian case, Italy's admission should not constitute a precedent for the admission of any other former enemy country. Yugoslavia failed to find extensive support for her position in the ballot, and Italy was voted eligible for membership in the Fund and Bank by a large majority. The membership of Turkey, Italy, Syria, and Lebanon will become effective with the consummation of certain formal acts of acceptance of the Articles of Agreement of the Fund and Bank.

Requests for increased quotas in the Fund for France, Paraguay, and Iran were considered. The requests of France and Paraguay were given

first attention. Increases from \$450,000,000 to \$525,000,000 and from \$2,000,000 to \$3,500,000 for France and Paraguay, respectively, were approved, the increase for Paraguay to become effective upon application by Paraguay for a proportionate increase in her subscription in the Bank. An application from France for proportionate increase in her subscription in the Bank had already been received and was approved, and an increase for Panama was authorized at such time as it was applied for. The request from Iran, received during the progress of the meeting, was referred by the Board of Governors to the Executive Directors for study and recommendation at a later date.

Owing to the fact that Denmark had not acquired membership in the Fund and Bank at the time of the Savannah meeting, that country did not participate in the election of the Executive Directors of the two organizations. Had Denmark enjoyed membership at that time, the votes to which her quota now entitles her would find expression in the voting strength of a director on each Board. In an effort to correct this deficiency, Denmark petitioned the Board of Governors to devise a procedure whereby the governor for Denmark might cast a vote in favor of one of the Executive Directors now in office. The Board determined that, in as much as the proposal raised questions of interpretation of the Articles of Agreement, this also should be referred to the Executive Directors for study and later recommendation.

Two interpretations of the Articles of Agreement, referred to the Executive Directors of the Fund following the inaugural meeting, were reported back at this first annual meeting. The United Kingdom had asked whether steps "necessary to protect a member from unemployment of a chronic or persistent character, arising from pressure on its balance of payments", would be measures "necessary to correct fundamental disequilibrium". The Executive Directors reported that it considered such steps "among the measures necessary to correct a fundamental disequilibrium" and that "in each instance in which a member proposes a change in the par value of its currency to correct a fundamental disequilibrium the Fund will be required to determine, in the light of all relevant circumstances, whether in its opinion the proposed change is necessary to correct the fundamental disequilibrium."

Similarly, the United States had asked "whether the authority of the Fund to use its resources extends beyond current monetary stabilization operations to afford temporary assistance to members in connection with seasonal, cyclical, and emergency fluctuations in the balance of payments of any member for current transactions, and whether the Fund has authority to use its resources to provide facilities for relief, reconstruction, or armaments, or to meet a large or sustained outflow of capital on the part of any member". The Executive Directors reported that they interpreted the Articles of Agreement "to mean that authority to use the resources of the Fund is limited to use in accordance with its purposes to give temporary assistance in financing balance of payments deficits on current account for monetary stabilization operations".

At the initiative of Mexico, the Board of Governors of the Fund gave consideration to the monetary uses of silver and the assistance which the Fund's research activities might contribute toward a resolution of problems connected with its use. The Board determined that it would gather whatever material, statistical or otherwise, is available on the monetary uses of silver and which would be useful in facilitating discussions on the subject in an international conference among interested members.

The two Boards devoted some time to questions of their own organizational procedures and those of the Executive Directors. The bylaws adopted at Savannah were amended to improve the sections governing meetings of the Boards of Governors. Each Board of Governors reviewing the rules of operating procedure adopted by its Executive Directors found them satisfactory without

change. The Board of Governors of the Fund, when convened at Savannah, had considered the question of the external audit of the Fund's accounts without arriving at any final conclusion as to the procedure to be employed. Resuming its consideration of the question the Board determined that, as a provisional measure, the accounts should be audited by a small group of persons, three or four in number, chosen from a similar number of Treasurers of member governments, and that the Executive Directors should continue their study of alternative solutions. The accounts of the Bank have been audited by a private firm of accountants.

To complete its organization, the Board of Governors of the Bank decided upon the composition of an Advisory Council. It was determined that the Council should have a membership of nine, with banking, commercial, industrial, labor, and agricultural interests represented by one member each. Of the remaining four members, one, the Chairman, is to be a personality of general eminence; a second is to be a scientist with specialized knowledge in the field of engineering; and two are to be members not representing any particular field of interest, one of whom shall be an economist. The Council is to be elected at the next annual meeting from a panel submitted by the Executive Directors of the Bank.

The formal proceedings of the meetings came to a close with the election of officers and the selection of a site for the next meeting. The chairmanship went to the United Kingdom, and the offices of vice chairman to the United States, China, France, and India, by unanimous consent. London was chosen as the site of the next annual meeting to be held in September 1947.

BANK AND FUND PUBLICATIONS

The following publications are available:

First Annual Meeting of the Board of Governors of the International Bank for Reconstruction and Development: First Annual Report by the Executive Directors. Washington, D.C. September 27, 1946.

Selected Documents: Board of Governors Inaugural Meeting, Savannah, Ga., March 8 to 18, 1946. International Monetary Fund, Washington, D.C., April 1946.

THE PARIS PEACE CONFERENCE

The Problem of Trieste and the Italian-Yugoslav Frontier

REMARKS BY SENATOR CONNALLY ¹

A just solution to the problem of Trieste and the frontier between Italy and Yugoslavia is the keystone of a peace settlement with Italy. The recommendations which the political and territorial commission for Italy has forwarded to the plenary conference in this respect are among the most important upon which the conference must express its views if it is to fulfill the task to make recommendations to the Council of Foreign Ministers.

Not only does the problem of Trieste constitute an essential element in a real and lasting peace in this area, but it is one of the most vexing with which the Conference has to deal. I need not recall the background of the Ministers' decision last July nor the long discussions which have taken place both in the Italian Commission and in its subcommission. The United States Delegation has repeatedly made it clear that the decision of the Ministers with regard to the frontier and the establishment of the free territory is one decision and one agreement and that no one part of it can be separated from the entire comprehensive whole. Furthermore, unless a satisfactory statute assuring the independence and integrity of the free territory and fully protecting the human rights and fundamental freedoms of its inhabitants is generally accepted and becomes operative, the obligations assumed by the powers signatory to the treaty toward the people of this area and for the maintenance of peace cannot be successfully discharged.

When the decision of the Ministers was made, full account was taken of the fact that in this disturbed area circumstances would call for excep-

tional measures. It was for this reason that the Ministers determined that the Security Council of the United Nations organization in the fulfillment of its primary responsibility for the maintenance of international peace and security must undertake this assurance. Not only must the Conference strive to create a territory founded on democratic principles and in which the people shall have the fullest possible freedom and voice in their own affairs through institutions operating under democratic principles, but it must also undertake to assure that this territory can have a life of its own free from domination by any outside influence; it must be free and independent.

Any statute providing for the establishment of the free territory must assure adequate and satisfactory guarantees that its international character will be maintained, that its integrity and independence will be assured, and that the rights and freedoms of its inhabitants will be fully protected. To achieve these ends it is not sufficient merely for us to agree to words in a document which can and will be interpreted in diverse ways, but we must provide the minimum machinery to secure the implementation of these assurances which at the same time will leave the greatest possible opportunity to the people to handle their internal affairs.

In our conception the Governor is the agent of the Security Council in the free territory. He can in no sense, as has been suggested, be regarded as a dictator or as the agent for any one foreign group of powers striving to use Trieste for their own ends; he will not be sent to the territory to impose his will or the will of others on the people. The people of Trieste, moreover, will have ample opportunity to take their case to the Security Council should they consider any action of the Governor unjustified. He is the instrument of

¹ Made for the American Delegation on the treaty of peace with Italy at the plenary session of the Paris Peace Conference on Oct. 7, and released to the press on the same date. Senator Connally is a member of the American Delegation to the Conference.

the international organization charged with the maintenance of peace and security. He can and must have no other role. He must have sufficient powers to fulfill his responsibilities. Lack of confidence in the Governor in connection with this limited but essential function in fact implies a lack of confidence in the organization which he represents and which we have entrusted with the greatest role in international affairs, namely, to see that peace is maintained. Moreover, the Security Council must at all times act in accordance with the principles and purposes of the Charter of the United Nations. The Security Council cannot preserve the integrity and independence of the free territory by a mere pronouncement or resolution. It must have an instrumentality in the form of the Governor to execute its functions.

In insisting that the free territory shall not be bound by exclusive ties to any one state, which would be incompatible with its status as a free territory, the United States considers that every opportunity for the development of a free and prosperous existence for the territory should be given. We expect all others to do the same. The history of Trieste shows that its prosperity depends upon its utilization as a port by the states of Central Europe. Its hinterland is composed of a number of states which should be assured free access to and from their natural outlet without discrimination. If the action of any one of them prevents or hinders the Trieste development it must be regarded as a political action determined by the interests of one country contrary to the interests of all. There are no economic or physical obstacles to an independent Trieste becoming a prosperous free port for all of Central Europe.

Our proposal is that the territory shall be and shall remain demilitarized, and that no military, naval, or air forces, installations or equipment will be maintained, built, or manufactured in the free territory. These provisions become effective as soon as the permanent statute goes into force. Any exception to this principle could only be made by order of the Security Council in the fulfillment of its responsibilities under the Statute and under the Charter of the United Nations. It is, of course, pure sophistry to assume that the Security Council of the United Nations would lend itself to the military interests of any one power or group of

powers or that any one power or group could possibly establish a military base.

Today when that small area is not free from tension and fear engendered by pressures of the conflicting interests of different national groups, it becomes evident that the first days of its existence as a new territory are of the utmost importance for its future independence and future well-being. The Security Council should immediately be entrusted with the organization of its provisional government.

Mr. President, the Italian Commission has labored long over this problem. It has placed before us certain recommendations. These recommendations are endorsed by two thirds of the members of the Commission. In some respects they do not go as far as the United States would have wished. They leave much to further discussion by the Ministers. Nevertheless, they do outline the main principles without which we feel no settlement is possible. For these reasons the United States Delegation accepted the recommendations put forward by the French Delegation in their Commission and which the Commission in turn adopted as its own recommendation to the Conference. The recommendations propose the establishment of a thoroughly democratic government—the Governor under the direction of the Security Council is to preserve the territory's integrity and independence and to preserve public order and the rights and freedoms of the inhabitants; his powers are delimited. A legislative assembly elected by the people through universal suffrage without discrimination is to be established. It has wide powers. It elects the Council of Government and enjoys legislative authority. It may file protests with the Security Council against any act of the Governor.

A system of independent courts is set up to administer justice according to law. The French proposal sets up a plan which assures the people a free and independent governmental system under which Trieste and its people will be able to prosper and progress and develop.

The United States Delegation urges that the plenary conference adopt and forward to the Council of Foreign Ministers the proposals of the commission as an expression of its own judgment and as a guide to the future work of the Ministers and the final drafting of the treaty of peace with Italy.

Economic Clauses in the Italian Peace Treaty

STATEMENT BY WILLARD L. THORP¹

The economic clauses in the draft peace treaty with Italy set forth a general system of settlements of claims and counterclaims arising from the war. The justifiable claims against Italy are tremendous, and Italy must undertake to make payment to the limit permitted by the character and capacity of her economy. The United States Delegation believes that the proposals which have received majority support in the Economic Commission for Italy represent that limit. Additional burdens placed on Italy might destroy the practical fulfilment of the treaty provisions.

As to reparation (art. 64) the damages and war costs which the various United Nations can properly assert against Italy reach staggering totals. No reparation settlement can be much more than a token payment when measured against the figures of claims. Had the United States pressed its potential claim of \$20,000,000,000, the percentage of recovery through reparation would have been even more infinitesimal. However, although the reparation provisions in their present form do not correspond exactly to the proposals made by the United States, we are prepared to support them.

We feel that the Albanian claim is met to such a degree through Italian assets within her jurisdiction that the limited amount available from other sources should not be reduced to the major claimants by giving a share to Albania.

As to the relative treatment of Greece and Yugoslavia, our studies lead to the conclusion that they should have approximately equal treatment as the treaty now provides.

As to the general formula, we believe that in the light of the nature and present condition of the Italian economy the formula represents the only possible approach under which Italy can make payment. Finally, we believe that the amount of \$325,000,000 is the limit of the Italian capacity

to pay. We shall therefore support the proposed reparation provisions.

As to restitution (art. 65) it is obvious that identifiable items taken by force and duress should be returned. However, many of the suggested amendments went beyond this simple formula requiring replacement when the looted objects could not be found. In the recommendation concerning objects of historical and artistic significance, the Commission proposes a form of limited replacement which the United States supports. However, in general we believe that such provisions should be rejected. They represent a form of concealed reparation, and such claims should be met in the reparation settlement itself. Under specific replacement provisions the various claimant countries would recover from Italy according to the extent to which they held this or that form of special claim rather than on the more equitable basis of all their claims. We have consistently opposed special replacement provisions.

As to compensation for damages done to property of United Nations nationals in Italy (art. 68) we have argued for 25 percent as the proper level for the payment to be made in local currency. We believe that payment in local currency involves economic considerations of an entirely different order than does an external transfer and that the fact that the compensation payments will largely be used for reconstruction within Italy makes it much less burdensome than the disappearance of commodities across the boundary on reparation account. Nevertheless, in the light of all the obligations which are imposed upon Italy by the treaty, we would be content with 25 percent compensation.

We are very clear that the arrangement for such compensation must not distinguish between United Nations nationals who held property directly in Italy and those who held it through the medium of corporations organized under Italian law. This is adequately dealt with in the present draft treaty, and it would be a gross miscarriage of justice if the particular provision dealing with this matter were rejected.

¹ Made at plenary session of Paris Peace Conference on Oct. 8 and released to the press on the same date. Mr. Thorp is Deputy to the Assistant Secretary for economic affairs in the Department of State and is a member of the American Delegation to the Conference.

As to miscellaneous claims not covered in the above list (art. 69) they are to be met from Italian assets within the various jurisdictions. The balance of Italian assets after such claims are met is to be returned to Italian ownership. The provisions of article 69 have been criticized because they provide no machinery for policing the behavior of the Allied and associated powers, but like other articles in the treaty this must depend upon the good faith of the countries involved.

So far as the United States is concerned our position on the matter is clear. We would expect to limit the use of these assets to the satisfaction of certain private claims which are not provided for in the treaty or under our domestic legislation.

The total of such claims will be small, and we hope to negotiate an agreement with the Italian Government with regard to them. In fact, subject to this one special arrangement and to cases of

war criminals and the like, we see no reason why all the \$60,000,000 of Italian assets in the United States should not be returned to Italian ownership although the necessary legislation had not yet been enacted.

In addition to the provisions regarding claims arising out of the war the treaty provides a general basis for clarifying and reestablishing economic relations between Italy and the United Nations.

In total we wish to give our general support to the economic clauses of the Italian Peace Treaty as endorsed by the majority of the Commission as representing the maximum requirements which should be imposed upon Italy. The problems are exceedingly difficult ones, and there is wide room for real differences in judgment. However, we believe the answers which have been found are within the limits of fairness, equity, and realism.

Economic Clauses in Rumanian Peace Treaty

REMARKS BY SENATOR VANDENBERG¹

The economic clauses of the treaty with Rumania raise vital issues involving the ability of Rumania and of other countries whose commerce must pass through Rumania to trade freely in the markets of the world and the ability of other countries to trade with Rumania. These questions go directly to the degree of progress and of peace which this Conference shall encourage. I speak briefly on this phase of the pending treaty.

First, the United States Delegation desires to bring article 34 in the Rumanian treaty to the urgent attention of the Conference because it believes a free Danube is indispensable to the economic health and, therefore, to the peace of central Europe. The United States has no direct commercial interest of its own in the Danube. Therefore it believes it can deal objectively with this problem. It has a heavy temporary responsibility because so long as it is in military occupation it must act as an economic trustee for parts of Germany and Austria, and it is completely convinced that a free Danube under unified control is as indispensable to their welfare and progress as is the economic unity required by the Potsdam Agreement for Germany as a whole. But the larger problem of the general peace is our greater concern and we again assert the conviction that this

peace, which is the responsibility of every nation in this Conference, is substantially related to the avoidance of international trade barriers which invite discrimination and dangerous frictions.

The Danube, the longest navigable waterway in Europe west of the Soviet Union, is the perfect example of these necessities. It is historically clear that Danubian commerce cannot prosper if it is at the mercy of various uncoordinated, restrictive, and discriminatory administrations which respond to the local judgments of the eight national jurisdictions through which the Danube flows. Some of the current trouble—some problems on the Danube—are the result of thus dividing the Danube into unrelated watertight compartments in contempt of the lessons of history and experience.

Article 34 proposes to restore the wisdom of history and experience. It reasserts the general principle that navigation on the Danube shall be free and open, on terms of equality to all states without discrimination. It then remits to the

¹ Made at the opening plenary session on the Rumanian treaty at the Paris Peace Conference on Oct. 10 and released to the press on the same date. Senator Vandenberg is a member of the American Delegation to the Conference.

riparian states themselves, in consultation with the four powers, the establishment of an operating regime during the next six months. One of these four powers, Russia, is also riparian. Another, America, is riparian by proxy so long as it is in German and Austrian occupation. Therefore, riparian states will be in complete control of the establishment of this new unified regime. Thus, a maximum of "home rule" is preserved while, at the same time, this Conference exercises its right and duty to require the application of general principles which it deems essential to the peace for which we all made our common sacrifice.

I emphasize and underline the vitally significant fact that this is no new concept. These are old truths, as persistent as the Danube itself, which I repeat today. They have been recognized by the maintenance of international administration of the Danube since 1856 and even back of that in Napoleonic days. For example, the Treaty of Versailles internationalized the Danube from the head of navigation to the sea and established free navigation throughout the River's length with a control commission including other than riparian states as a recognition of the breadth of interest involved.

It is needless to trace the fluctuating fortunes of the various Danubian commissions since 1856. The important point in the American view is that this relative freedom of navigation on the Danube has been accepted in one form or another as essential for 90 years. I venture to say that the general principles reasserted in article 34 have been inherent in the Danubian regime throughout these 90 years. They have been acknowledged as the essential formula for peace and progress, no matter how illy implemented, for almost a century. They are more essential than ever today.

It seems to the United States Delegation that it would be a tragic and reactionary mistake for this Conference to turn its back upon all this history and experience, reinforced as they are by the obvious need for non-discriminatory unity as disclosed by the limping, stagnant economy of the Danube today. Worse, our silence on this subject would be an actual retreat—an abandonment of freedoms long established before we all fought World War II for greater freedoms. It seems to us that the world is entitled to know that its peace-makers are at least "holding their own" and not slipping back into darker ages.

Article 34 was approved by the Balkan Economic Commission by a vote of eight to five, with one abstention. The United States Delegation is urging an even more convincing plenary vote throughout the debate in the Commission. I did not hear one word of argument against the advisability of restoring a free Danube to non-discriminatory use. I heard chiefly the reiterated demand only that this Conference must leave the problem to the exclusive jurisdiction of the riparian states, some of which are not here represented, and that we must not invade their sovereignty.

I reply: (1) that the practice of nearly a century has, with the consent of riparian states, recognized this wider right of consultation in respect to the fate of the Danube; (2) that riparian states will control the proposed meeting to set up the regime, six to three, exclusive of Germany and Austria, for which the United States has at least a clear, temporary riparian right to speak. Counting this dual proxy as one, riparian states will control seven to two.

Then I want to make this further reply. We do not invade the sovereignty of Rumania any more than does every other obligation imposed perfectly legitimately upon this ex-enemy state if we have any interest in a free Danube and unless we propose to repudiate history, experience, and reality in this connection. There is a very specific reason for article 34 in this Rumanian Treaty, because it was Rumania which upset the fairly satisfactory international regime on the Danube in 1938 by demanding a rendition to herself of the substantive powers of the then existing Danube Commission.

In the debate in the Commission someone asked why we do not similarly internationalize the St. Lawrence River. Of course there is no remote analogy between a river between two countries which have been at peace for 125 years and a river that is shared by eight countries emerging from war, as is the Danube. But if any parallel is sought, I am glad to say that the water traffic of all nations is welcome to a free St. Lawrence in its international traffic on a total equality with the vessels of the United States and Canada.

In a word, Mr. President, it seems to the American Delegation that, if we intend that the Danube shall resume the freedoms heretofore established and shall develop in peace and progress, this Conference must say so now. It is our only chance. We shall not collide with any Danubian aspirations

unless these aspirations collide with these freedoms. In such an event it is doubly necessary that we should anticipate the protective contract now.

For these reasons the United States Delegation, for the sake of present urgent necessities in the zones of military occupation and then for the larger cause of permanent peace and progress, earnestly urges the Conference to convincingly approve article 34 in this Rumanian treaty.

We urge also that the Conference adopt those provisions of article 30 of the treaty, dealing with general economic relations. The Commission has recommended that for a limited period after the treaty comes into force Rumania should be required to extend non-discriminatory treatment to the trade and business activities of those United Nations which reciprocally extend similar treatment to Rumania. This undertaking should provide the basis for the resumption of economic relations between Rumania and the United Nations, pending the conclusion of new commercial treaties and agreements, to the mutual advantage of Rumania and the United Nations and in promotion of progress and peace.

One clause relates to exceptions customarily made from most-favored-nation treatment. The language proposed by the majority of the Commission would permit these exceptions, which were customarily included in Rumania's pre-war commercial treaties, but would not allow the introduction of new exceptions or preferences during the 18-month period when this article will apply. An alternative provision supported by a minority of the Commission would permit new wide preferences to neighboring countries.

Various arguments have been brought forward in the Commission in support of the minority proposal. Most of them have sought to justify this new preference for neighboring states on the basis of preferences which have previously been established in special situations, many of which, like those involving the United States, are in the process of being reduced and eliminated.

It has also been argued that for some reason which is not clear to the American Delegation neighboring states must be free to grant preferences to each other in the interest of their economic reconstruction. It seems to us obvious that in the very nature of things neighboring states enjoy a preferential position in each other's trade as a result of their geographical propinquity and the

advantages it confers with regard to cheapness of transport costs, speed of communications and other similar factors. We fail to see why it is necessary to add to these natural advantages by providing for new discriminatory barriers against other countries which have carried the burden of this war and to whom the recovery of international trade is important. In the reconstruction of their economies all of the governments here represented are committed to an endeavor to expand international trade on a non-discriminatory basis to the mutual benefit of the peoples we represent. We feel that it would be singularly inappropriate and untimely for this Conference to go on record as favoring new preferences, new hurdles, and new barriers. We call on the Conference to endorse the economic provisions of the Atlantic Charter, to which we have all subscribed, and to seek the adherence of Rumania to the principles through the treaty provisions.

Finally, the Conference is called to pass upon provisions regarding civil aviation. The proposal of the majority of the Commission would except civil aviation from the treaty provisions requiring national treatment and would commit Rumania, during the 18 months article 30 will remain in effect, to follow the rule of non-discrimination in the bilateral civil-aviation agreements. It is difficult for us to see how there can be objection to such simple and fair provisions. An additional provision proposed by the majority of the Commission would require Rumania to extend the so-called first two freedoms, those of transit and technical or non-commercial landings, to any United Nation which grants these freedoms to Rumania. This proposal, which incorporates principles generally accepted by most countries interested in international civil aviation, is supported by the United States.

In sum, Mr. President, the proposals with which we are confronted relating to the Danube and to economic relations involve the question of whether we are to take a backward step by agreeing that Rumania, after emerging from her war of aggression, is to be free to discriminate against the United Nations or whether we will call upon her to deal with the United Nations on a basis of fair play and non-discrimination.

The United States feels that no delegation in this Conference should have difficulty in making this choice.

Special Considerations Involved In Drafting Bulgarian Treaty

REMARKS BY JEFFERSON CAFFERY¹

The draft treaty with Bulgaria, while similar in many respects to the treaties with Rumania and Hungary, deals with three subjects at least to which the Conference in plenary session will desire to give particular attention.

One of these is the provision for reparation which, unlike the arrangements for Rumania and Hungary, had not been worked out in detail under the terms of the armistice. We have before us the recommendations of the Economic Commission, and the U.S. Delegation supports the conclusion reached by the majority as to the amount and distribution of Bulgarian reparation based on a comparative analysis of equality of burden, taking for example the amounts set for Rumania as determined yesterday. Bulgaria's obligation would be put at roughly one third of Rumania's obligation. Two factors, however, justify a reparation by Bulgaria at an amount somewhat above the one-third figure, the limited amount of war damage in Bulgaria and the addition to Bulgaria of a substantial area of annexed territory. Consequently, the total figure of \$125,000,000 is considered sound and reasonable.

As to the division of reparation between Greece and Yugoslavia, their claims are essentially of the same character in large part against an army of occupation. If only the claims for actual damages are considered, they are approximately equal in the light of all the factors concerned. The U.S. Delegation believes that the fairest solution would be to divide the total equally between Greece and Yugoslavia.

A very important subject in discussion before this Conference has been the matter of provision in the treaty for the security requirements of Greece. This noble ally, whose steadfast and heroic conduct in the war from the earliest hours of the conflict won the world's admiration and to whose splendid contribution to the final victory we all pay tribute, must find the safety and peace to enable her people to carry through the arduous tasks of reconstruction.

One important measure to this end is an amendment prohibiting the construction of certain permanent fortifications north of the Greco-Bulgarian frontier. Greece has suffered from unprovoked aggression by Bulgaria three times in one generation, and her own frontier fortifications were destroyed during the last Bulgarian occupation. Greek territory east of Salonika is long and narrow and its lateral communications are in some places within artillery range of the Bulgarian frontier. Therefore, a prohibition against permanent mountings for weapons capable of firing into Greek territory will certainly contribute to Greek security.

As regards the strength of the Bulgarian armed forces, the U. S. Delegation has felt it necessary to take note of a law establishing a frontier militia introduced in Bulgaria since the Paris Conference started its work. The U. S. Delegation has placed on record its position that if this frontier militia is not included in the total armed strength permissible under the treaty, then under article XI it will be illegal for Bulgaria to have such a force with military training.

These military provisions are closely related, of course, to the larger question raised by article I of the treaty defining the frontiers of Bulgaria before adopting this article. The Political and Territorial Commission and also the Military Commission took under consideration an amendment and a resolution proposed by the Greek Delegation for a rectification of the frontier between Greece and Bulgaria.

With full acknowledgment of the paramount importance of the future security of Greece, the U. S. Delegation has given long and earnest reflection to this proposal and to alternative plans to this end.

It seemed to the U. S. Delegation that the firmest security for Greece on her northern frontier would be found not so much in territorial changes as in the broad powers of the United Nations. We have a profound belief in the efficacy of the measures which the United Nations are taking for the maintenance of general international security, and the U. S. Delegation can give the full assurance that the United States can be counted on to act in accordance with its solemn undertaking under the United Nations if Greece's security should be endangered by the acts of an aggressor nation.

¹ Made at the plenary session on the Bulgarian Treaty at the Paris Peace Conference on Oct. 11 and released to the press on the same date. Mr. Caffery is American Ambassador to France.

THE UNITED NATIONS

Summary of Third Session of Economic and Social Council

[Released to the press by the United Nations October 3]

The third session of the Economic and Social Council came to an end shortly before midnight on October 2, after an all-day debate lasting over 12 hours.

Described in a closing speech by Secretary-General Trygve Lie, as having achieved the "most successful results in the history of the United Nations", this third session completed the organizational phase of the Council's work and saw passed the first practical measures aimed at carrying out the Council's mandate to establish economic stability and social security.

The previous sessions were held from 25 January to 16 February, in London, and from 25 May to 21 June at Hunter College, the Bronx, New York. The present third session, held at the new United Nations Headquarters at Lake Success, Long Island, lasted from 11 September to 3 October. Thus, in little more than 60 working days, the Economic and Social Council has set up the most important international machinery ever conceived to coordinate activities in the economic and social fields for advancing the well-being of mankind.

There were two main problems before the Council at the opening of its third session: the problem of refugees and of the economic reconstruction of devastated areas.

REFUGEES

As a result of almost continuous daily discussions in the Plenary Council, the Committee of the Whole and two *ad hoc* subcommittees, the Council will transmit to the General Assembly a revised draft for the constitution of the IRO, a revised first-year budget, and recommendations for interim measures which may become necessary in case the IRO should not yet be in a position to operate when UNRRA winds up its refugee activities at the end of June next.

Regarding scales of contribution to the IRO expenses, the Council framed no specific recommendations, but will advise the General Assembly to consider them in the light of the conclusions

reached by the Committee on contributions to the United Nations.

A) Draft Constitution

Comments and amendments to the draft constitution approved at the last Council session had been submitted by member governments of the United Nations. The new text was evolved in the light of these comments and amendments. It is still *ad referendum* pending final endorsement by the General Assembly.

B) Budget

Starting from a provisional first-year budget of \$258,754,000 drawn up by the committee on the finances for the IRO in London this spring, an *ad hoc* subcommittee revised the figures and cut down the total by two fifths in an effort to bridge the gap between the cost of planned operations and resources likely to be available. The subcommittee also made estimates of the cost of first-year operations, and the repatriation of overseas Chinese, on the basis of information submitted to it by the Chinese Delegation.

The first-year budget, which now totals \$160,851,000, was approved by the Council and it, too, will be transmitted to the General Assembly for final endorsement.

C) Interim Measures

A U.S. proposal for the creation of a Preparatory Commission for the IRO will be transmitted to the General Assembly. The Preparatory Commission is to come into being when the agreement is signed by eight representatives of governments who are also signatories of the IRO constitution. Meanwhile, according to the U.S. resolution, the Secretary-General is requested to "take such further steps as may be appropriate to plan, in consultation with UNRRA and the IGC, the initiation of the work of the IRO."

According to the resolution, the Preparatory Commission may, in addition to planning first-year operations for the IRO and preparing its organization, also "at its discretion and after agreement with existing organizations . . . take

over any functions, activities, assets and personnel of such organizations."

The expenses of the commission may be met by advances from members of the IRO and from such funds as may be transferred from existing organizations.

DEVASTATED AREAS

The problem presented by the war-devastated areas could only be dealt with in part during this session. Owing to lack of time it had not been possible for the temporary subcommission, during the last Council session, to make a complete survey and report on the situation in the Far East and Asia. As a result a report was presented which dealt only with the problem in Europe.

In line with its recommendation to establish the IRO, the Council endorsed the resolution of the UNRRA Council calling on the General Assembly to "establish forthwith" an agency to take over UNRRA relief in those fields not concerned with refugees and displaced persons. It also approved a Chinese proposal that the working group for Asia and the Far East of the temporary Subcommission on Devastated Areas should make its survey and complete a report, if possible in time for the next session of the Council. A further mandate for the Subcommission to continue its work in Europe was also unanimously agreed on.

The Council ran into difficulties, however, over the question of the establishment of an economic commission for Europe.

When this proposal sponsored by the U.K., U.S.A., and Poland came up for discussion, there was such a divergency of views that Dr. Andrija Stampar, Acting President of the Council and Chairman of the Devastated Areas Drafting Committee, suggested that the Delegates of the U.S., the U.K., the U.S.S.R., and China should constitute a working group and seek to find a compromise agreement among themselves.

This group held conversations for several days and produced a series of proposed resolutions, but finally, owing to opposition from the U.S.S.R., suggested that the proposed economic commissions for Europe be considered at the next session of the Council.

The recommendations finally agreed upon, based on the findings of the subcommission report, laid stress on the immediate needs for reconstruction and on the part that would have to be played

by specialized agencies in providing all necessary help. Specific mention was made of the need for short- and long-term financing, on favorable conditions, of urgent reconstruction requirements.

In this connection the Secretary-General was asked to undertake special studies as to the part which both intergovernmental loans and credits and private and commercial credits could play, in addition to the help which should be forthcoming from the International Bank for Reconstruction and Development and the International Monetary Fund. Recommendations were also made that special attention should be paid to the need for increased coal production, increased agricultural production, the rehabilitation of transport, international cooperation in the utilization and training of manpower, new machinery, agricultural equipment and spare parts, the desirability of exchanging information and experience on urgent housing problems, and the need for increased production of electric power.

DANUBE VESSELS

A new development of great interest has been the submission to the Council of two disputes involving economic considerations. Czechoslovakia and Yugoslavia have invoked the Council's aid to regain possession of a number of Danubian vessels which are the property of their respective countries and which are now in the United States occupied zones of Germany and Austria.

The Council's competence to deal with this matter was questioned by a Peruvian resolution, but the Council decided by an 11-to-6 vote that it was fully competent.

The wider economic issues involved in the question of reopening Danube traffic to the fullest possible extent were discussed in the light of a U.S. proposal to deal with the Yugoslav and Czechoslovak requests within the framework of an international conference on Danube traffic.

The Council endorsed this view by rejecting the Yugoslav and Czechoslovak resolutions and adopting the U.S. resolution. The Secretary-General is requested by the resolution to consult with the interested states—that is, the riparian states and states in military occupation of riparian zones—and any state whose nationals can demonstrate clear title to Danube vessels—with a view to calling such a conference in Vienna before November 1st.

Decision on a Greek resolution requesting the restitution of Greek vessels now in Soviet hands was postponed because members of the Council felt they had insufficient information.

Among the other main subjects covered by Council resolutions were:

WORLD HEALTH ORGANIZATION

A resolution requesting the General Assembly to approve a United Nations loan or grant of \$300,000 to be put at the disposal of the Interim Commission to cover its expenses for the current year, and in addition a loan or grant of \$1,000,000 for financing during the year 1947 the activities of the Interim Commission or the World Health Organization. In addition the Council recommended to the General Assembly to take measures insuring the earliest possible entry into force of the World Health Organization.

NARCOTICS

In order to permit the transfer of the League of Nations control system of narcotic drugs to the United Nations, the Council decided on a protocol amending the International Conventions on Narcotic Drugs.

A provision was made excluding Spain from all participation in the United Nations narcotics controls. All resolutions adopted on that subject will be referred to the General Assembly for approval.

UNITED NATIONS RESEARCH LABORATORIES

A proposal of the French Delegation that the Secretariat, in consultation with UNESCO, should submit a report on the possibility of establishing United Nations research laboratories.

SPECIALIZED AGENCIES

The Council adopted the draft agreement reached between the Committee for Negotiation with Specialized Agencies and the Provisional International Civil Aviation Organization after a debate had taken place on the participation of Spain in the activities of PICAQ.

The draft agreement is subject to ratification by the General Assembly of the United Nations and by PICAQ.

NON-GOVERNMENTAL ORGANIZATIONS

An agreement on practical cooperation was reached between the Standing Committee for Consultation with Non-governmental Organizations and the World Federation of Trade Unions. This agreement was approved by the Council.

The International Chamber of Commerce was granted consultative status. Decision on granting consultative status to other non-governmental organizations was deferred until the next session of the Council.

WORLD FOOD COUNCIL

A French proposal requesting the Secretary-General to appoint a representative to take part in the deliberations of the Preparatory Commission for the World Food Council, which is to meet in Washington before November 1, and inviting the Chairman of the Economic and Employment Commission to take part in these deliberations.

PASSPORTS AND FRONTIER FORMALITIES

A United Kingdom resolution requesting the Secretary-General to convene a meeting of experts to prepare for a world conference on passports and frontier formalities.

PERMANENT COMMISSIONS

At this session the Council elected the countries to be members of eight permanent commissions. Two of these commissions were newly created by decision of this session—a Population Commission and a Fiscal Commission. A ninth, the Narcotics Commission, was already fully constituted during the first session of the Council in London.

The Council also decided to recommend to the General Assembly the establishment of a sub-commission on employment and economic stability and a subcommission on economic development, each to be composed of seven persons to be elected by the Economic and Employment Commission in consultation with the Secretary-General and subject to the consent of the governments of the countries of which the persons are nationals.

Commissions of the Economic and Social Council¹

Economic and Employment Commission (15 members)

Belgium, France, Brazil, United Kingdom, Poland	2 yrs.
Canada, China, India, Czechoslovakia, Norway	3 yrs.
Cuba, U. S. A., U. S. S. R., Australia, Byelorussia	4 yrs.

Transport and Communications Commission (15 members)

India, Netherlands, United Kingdom, Poland, Brazil	2 yrs.
Chile, China, France, Norway, South Africa	3 yrs.
U. S. A., Egypt, U. S. S. R., Czechoslovakia, Yugoslavia	4 yrs.

Statistical Commission (12 members)

Netherlands, U. S. A., U. S. S. R., China	2 yrs.
India, Canada, Mexico, Ukraine	3 yrs.
France, Norway, United Kingdom, Turkey	4 yrs.

Human Rights Commission (18 members)

United Kingdom, China, Uruguay, Lebanon, Panama, Byelorussia	2 yrs.
France, Egypt, India, U. S. S. R., Ukraine, Iran	3 yrs.
Belgium, Chile, Australia, U. S. A., Philippines, Yugoslavia	4 yrs.

Social Commission (18 members)

France, U. S. A., Czechoslovakia, South Africa, Greece, U. S. S. R.	2 yrs.
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¹ Following elections on October 2 of "nominating states" to the Economic and Social Commissions, the period of service on each Commission of the elected states was decided by drawing the names.

Service on the Commissions is for two, three, and four years, any member nation being eligible for reelection on the expiration of its term of office.

The countries which have been elected members have now to submit the names of their proposed nominees to serve on the Commissions to the Secretary-General, who may make suggestions to the member states as to the special qualifications required of their nominees to insure a well-balanced team on each Commission.

The Economic and Social Council will hold a plenary meeting, probably during the General Assembly, in order formally to approve the nominees.

Netherlands, New Zealand, Peru, Colombia, United Kingdom, Yugoslavia	3 yrs.
Canada, China, Denmark, Ecuador, Poland, Iraq	4 yrs.

Status of Women Commission (15 members)

India, Australia, China, Byelorussia, Guatemala	2 yrs.
United Kingdom, U. S. S. R., U. S. A., Syria, Mexico	3 yrs.
Denmark, France, Venezuela, Costa Rica, Turkey	4 yrs.

Fiscal Commission (15 members)

U. S. A., Belgium, Czechoslovakia, India, New Zealand	2 yrs.
Colombia, U. S. S. R., Cuba, Lebanon, Poland	3 yrs.
China, France, United Kingdom, South Africa, Ukraine	4 yrs.

Population Commission (12 members)

U. S. A., U. S. S. R., China, United Kingdom	2 yrs.
France, Australia, Canada, Ukraine	3 yrs.
Peru, Brazil, Netherlands, Yugoslavia	4 yrs.

Additional Items for General Assembly Agenda

PROPOSALS FROM THE U. S. S. R., FRANCE, AND CUBA

The Secretary-General of the United Nations advised the 51 members of the United Nations on October 5 of additional items which have been submitted for inclusion on the supplementary agenda list for the meeting of the General Assembly in New York on October 23.

Additional items have been proposed by the Governments of the Soviet Union, France, and Cuba.

The Soviet request is contained in the following telegram sent on October 3 by Andrei A. Gromyko, representative of the U. S. S. R. to the United Nations:

"His Excellency Trygve Lie, Secretary-General of United Nations, Lake Success:

"Under instruction of the Soviet Government I request you in accordance with Article 11 of the Charter of the United Nations Organization to include in the agenda for the Second Part of the

First Session of the General Assembly the question about the presence of forces of states members of the United Nations on the territories of the non-enemy countries."¹

The item proposed by France is a draft resolution on the relations between the United Nations and the specialized agencies. It was communicated to the Secretary-General by Alexandre Parodi, French representative to the United Nations.

It proposes that the present draft agreements between the United Nations and the specialized agencies (FAO, UNESCO, ILO, and PICAQ) should be accepted for one year without debate.

They should then be placed on the agenda of the 1947 General Assembly for full discussion. In the light of this discussion, the Economic and Social Council, at its next session following the 1947 General Assembly, should amend the agreements where considered advisable.

Any such amendments would be brought for final approval before the 1948 Assembly of the United Nations.

The item proposed by the Cuban Government and communicated by Ambassador Guillermo Belt to the Secretary-General suggests preparation for the convocation, under article 109 of the Charter, of a general conference of United Nations members to review the present Charter.

Article 109 states:

"1. A General Conference of the Members of the United Nations for the purpose of reviewing the present Charter may be held at a date and place to be fixed by a two-thirds vote of the members of the General Assembly and by a vote of any seven members of the Security Council. Each Member of the United Nations shall have one vote in the conference.

"2. Any alteration of the present Charter recommended by a two-thirds vote of the conference shall take effect when ratified in accordance with their respective constitutional processes by two thirds of the Members of the United Nations including all the permanent members of the Security Council.

"3. If such a conference has not been held before the tenth annual session of the General Assembly following the coming into force of the present Charter, the proposal to call such a conference shall be placed on the agenda of that ses-

sion of the General Assembly, and the conference shall be held if so decided by a majority vote of the members of the General Assembly and by a vote of any seven members of the Security Council."²

In his telegram to the member nations advising them of the additional items received from the Soviet Union, France, and Cuba, Trygve Lie, Secretary-General, has also informed them that he proposes an item regarding an amendment to the rules of procedure concerning the date of the regular sessions of the General Assembly.

Rule 1 of the provisional rules of procedure for the General Assembly states that "the General Assembly shall meet every year in regular session commencing on the first Tuesday after 2 September."

Mr. Lie is proposing to make the opening date for regular sessions of the Assembly nearer the middle of October.³

¹ When the question of forces of member states on the territories of non-enemy countries was raised by Mr. Gromyko in the fifty-seventh meeting of the Security Council on Aug. 29, 1946, he listed the following questions on which information should be supplied by member nations:

"In what places on the territory of the United Nations or other states, not including ex-enemy territories, and in what numbers the armed forces of other United Nations are situated.

"At what places in the above-mentioned territories, air or sea bases are established and what is the size of the garrison of these bases belonging to the armed forces of other states members of the United Nations."

At the seventy-second meeting of the Security Council on Sept. 24, 1946, the Council voted by seven votes to two, with two abstentions, not to include the Soviet statement on its agenda. Poland and the U. S. S. R. supported its inclusion on the agenda. Australia, Brazil, China, Mexico, the Netherlands, the United Kingdom, and the United States opposed it. Egypt and France abstained.

² The new proposal from the Cuban Government for the Assembly agenda appears to be couched in more general terms than the request Cuba submitted on August 2, 1946, for the agenda which requested the convocation of the members of the United Nations in accordance with article 109 of the Charter, ". . . in order to modify Paragraph Three of Article 27 of the Charter to eliminate the so-called veto privilege."

³ The Secretary-General's authority to place items on the agenda derives from rule 12 of the provisional rules of procedure, which says:

"The provisional agenda of a regular session shall include:

". . . (G) All items which the Secretary-General deems it necessary to put before the General Assembly."

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

Calendar of Meetings

IN SESSION AS OF OCTOBER 13, 1946

Far Eastern Commission	Washington	February 26
United Nations:		
Security Council	Lake Success	March 25
Military Staff Committee	Lake Success	March 25
Commission on Atomic Energy	Lake Success	June 14
UNRRA Planning Commission for International Refugee Organization	Washington	July 24
Paris Peace Conference	Paris	July 29
German External Property Negotiations with Portugal (Safehaven)	Lisbon	September 3
PICAO:		
Interim Council	Montreal	September 4
Regional		
Middle East Regional Air Navigation Meeting	Cairo	October 1-15
Divisional		
U.S. Demonstrations of Radio Aids to Air Navigation	New York-Indianapolis	October 7-26
Five Power Preliminary Telecommunications Meeting	Moscow	September 28-October 21
Second Pan American Congress of Mining Engineering and Geology	Rio de Janeiro	October 1-15
Second Pan American Congress of Physical Education	Mexico City	October 1-15

SCHEDULED

Preparatory Commission of the International Conference on Trade and Employment: First Meeting	London	October 15
Second Pan American Conference on Leprosy	Rio de Janeiro	October 19-31
International Committee on Weights and Measures	Paris	October 22
Permanent Committee of the International Health Office	Paris	October 23
United Nations:		
General Assembly (Second Part of First Session)	Flushing Meadows	October 23
Economic and Social Council:		
Statistical Commission	Lake Success	November 6 (tentative)
Commission on Narcotic Drugs	Lake Success	November 18
Informal Four Power Broadcasting Conference	Paris	October 24-26
United Maritime Consultative Council: Second Meeting	Washington	October 24-30
PICAO:		
Regional		
Air Traffic Control Committee, European-Mediterranean Region	Paris	October 28
Divisional		
Meteorological Division	Montreal	October 29
Special Radio Technical Division	Montreal	October 30-November 8
Communications Division	Montreal	November 19
Search and Rescue Division	Montreal	November 26
Rules of the Air and Air Traffic Control Practices Division	Montreal	December 3

Calendar of Meetings—Continued

FAO: Preparatory Commission to study World Food Board Proposals	Washington	October 28
International Commission for Air Navigation (CINA): Twentieth Session	Dublin	October 28-31
UNESCO: "Month" Exhibition	Paris	November - December (exact dates undetermined)
Preparatory Commission General Conference	Paris Paris	November 14-15 November 19 (tentative)
IARA: Meetings on Conflicting Custodial Claims	Brussels	November 6
World Health Organization: Interim Commission	Geneva	November 4
International Technical Committee of Aerial Legal Experts (CITEJA)	Cairo	November 6
International Wool Meeting	London	November 11-16
ILO: Industrial Committee on Textiles	Brussels	November 14
Industrial Committee on Building, Engineering and Public Works	Brussels	November 25
Second Inter-American Congress of Radiology	Habana	November 17-22
Council of Foreign Ministers	New York	November 4
Inter-American Commission of Women: Fifth Annual Assembly	Washington	December 2-12
Intergovernmental Committee on Refugees (IGCR): Sixth Plenary Session	London	December 11

Calendar prepared in the Division of International Conferences, Department of State.

Activities and Developments ***INTER-AMERICAN COPYRIGHT REPORT ¹**

The Proceedings of the Inter-American Conference of Experts on Copyright, which met at the Pan American Union in Washington, June 1-22, 1946, are now available.

Into this one volume has been gathered every significant document relating to the organization of the Conference and the debates which took place in arriving at the final text of the convention as it was signed. Perhaps the most distinctive section, since it is not to be found in any other publication, is that devoted to a report of the discussions which took place in the subcommittees. These discussions later formed the basis of the articles voted upon and adopted by the Committee of the Whole and are essential for the proper in-

terpretation of the convention itself. Since there were about 36 meetings of the several committees, covering a period of three weeks, the plan of reporting chronologically or by committees was rejected in favor of a report by articles. In this way all discussions were coordinated for a better understanding and easier reference.

Besides the committee proceedings, the volume contains the structure of the Conference, a list of the delegates, the speeches and remarks of the delegates at the opening and closing sessions, the final act (containing 15 resolutions), the texts of drafts submitted by the Pan American Union and various countries, and the definitive text of the convention.

The convention and the final act are each published separately, in the four languages of the Union—English, Spanish, Portuguese, and French. All are now available at the Pan American Union upon request.

¹ Released to the press by the Pan American Union.

United States Position on the Regime of the Straits

[Released to the press October 11]

Text of note delivered by W. Bedell Smith, U. S. Ambassador to the U. S. S. R., to the Soviet Foreign Office on October 9, 1946. Copies of this note were distributed on October 10, 1946 to the representatives in Washington of the following signatories to the Montreux Convention: France, Greece, Rumania, Turkey, the Union of Soviet Socialist Republics, the United Kingdom, and Yugoslavia.

I have the honor to inform Your Excellency that my Government has studied carefully the contents of the note of the Soviet Union to Turkey of September 24 relating to the regime of the Straits.

In pursuance of its policy of making clear to all interested parties its views on matters relating to the Straits, my Government has instructed me to inform you that after examining the note referred to above it continues to adhere to the position outlined in its note of August 19, 1946 to the Soviet Government.

It will be recalled that in the Protocol of the proceedings of the Potsdam Conference, signed by the U.S.S.R., Great Britain and the United States, the three Governments recognized that the Convention on the Straits concluded at Montreux should be revised as failing to meet present-day conditions. It was further agreed in the Protocol that as the next step the matter should be the subject of direct conversations between each of the three Governments and the Turkish Government.

It has been the understanding of my Government that the three Governments, in agreeing with one another that the regime of the Straits should be brought into accord with present-day conditions by means of a revision of the Montreux Convention, mutually recognized that all three signatories of the Protocol have an interest in the regime of

the Straits and in any changes which might be made in that regime. My Government furthermore informed the Soviet Government in its note of August 19, that in its view the regime of the Straits is a matter of concern not only to the Black Sea powers but also to other powers, including the United States. The Soviet Government, nevertheless, in its note of September 24, apparently continues to take the position set forth in its note of August 7 to Turkey that "the establishment of a regime of the Straits . . . should come under the competence of Turkey and the other Black Sea powers". My Government does not consider that it was contemplated at the Potsdam Conference that the direct conversations which might take place between any one of the three signatory governments and the Turkish Government with regard to the regime of the Convention of the Straits concluded at Montreux should have the effect of prejudicing the participation of the other two signatory powers in the revision of the regime of the Straits. On the contrary, my Government considers that the Potsdam Agreement definitely contemplated only an exchange of views with the Turkish Government as a useful preliminary to a conference of all of the interested powers, including the United States, to consider the revision of the Montreux Convention. As stated in its note of August 19, my Government stands ready to participate in such a conference.

My Government also feels that it would be lacking in frankness if it should fail to point out again at this time, in the most friendly spirit, that in its opinion the Government of Turkey should continue to be primarily responsible for the defense of the Straits and that should the Straits become the object of attack or threat of attack by an aggressor, the resulting situation would be a matter for action on the part of the Security Council of the United Nations.

Situation Between Kuomintang Government and Communist Party

JOINT STATEMENT BY GENERAL MARSHALL AND AMBASSADOR STUART¹

On the morning of October 1 General Marshall received through the hands of Wang Ping Nan, the Communist representative, a memorandum dated September 30 from General Chou En Lai in Shanghai relating the activities of the Kuomintang Party to which objection was taken and concluding with the following paragraph:

"Now I am duly instructed to serve the following notice, which I request you would kindly transmit to the government: If the Kuomintang Government does not instantly cease its military operations against Kalgan and the vicinity areas, the Chinese Communist Party feels itself forced to presume that the government is thereby giving public announcement of a total national split, and that it has ultimately abandoned its pronounced policy of peaceful settlement. When reaching such a stage, the responsibility of all the serious consequences should as a matter of course solely rest with the government side."

In accordance with the request of General Chou the foregoing memorandum was transmitted to the Generalissimo, and on October 2 he replied in a memorandum to General Marshall relating certain hostile acts of troops of the Communist Party. In this memorandum the Generalissimo proposed, with a view to saving time and as indicating the sincerity of the Government, the following as the maximum concessions the Government would make in the solution of the present problem:

"One. The Chinese Communist Party has been incessantly urging the reorganization of the national government. This hinges on the distribution of the membership of the State Council. The government originally agreed that the Chinese Communist Party be allocated eight seats and the Democratic League, four, with a total of twelve. The Chinese Communist Party, on the other hand, requested ten for themselves and four for the

Democratic League with a total of fourteen. Now the government makes a fresh concession by taking the mean and offering one seat for the independents to be recommended by the Chinese Communist Party and agreed upon by the government, so that, added to the original twelve, it makes a total of thirteen seats. But the Communist Party should without delay produce the list of their candidates for the State Council as well as the list of their delegates to the National Assembly. This reassignment of seats should be decided by the proposed group of five to be confirmed by the steering committee of PCC.

"Two. For immediate implementation of the program for reorganization of the Army, the location of the 18 Communist divisions should be immediately determined and the Communist troops should enter those assigned places according to agreed dates. The above should be decided by the Committee of Three and carried out under the supervision of the Executive Headquarters."

This communication was immediately transmitted to the Communist representatives and they, later on in the week, called on the American mediators with a request for information as to whether the memorandum of the Generalissimo of October 2 was a reply to General Chou's memorandum of September 30, as no mention of Kalgan was made.

There followed a series of discussions between the Generalissimo and General Marshall and Ambassador Stuart which finally resulted in the acquiescence of the Generalissimo that he halt the advance on Kalgan for a period of ten days during which the five-man group and the Committee of Three would meet in order to consider the two proposals of the Generalissimo in his communication of October 2. The Generalissimo further agreed that during the period of this truce Executive Headquarters would check on its observance with teams at all critical points and that Government representatives would not accompany teams within the Communist lines while the Communist representatives would not accompany teams within the Government lines. Also that between the two forces, teams will be located with representatives

¹ Made in Nanking and released there to the press on Oct. 8; released to the press in the United States on Oct. 10. Gen. George C. Marshall is the President's Special Envoy to China. John Leighton Stuart is American Ambassador to China.

from both sides. Further, that the American member would have the authority to determine where and when the teams would go and would himself report on any actions which would, in effect, be considered violations of the truce.

The Generalissimo further [*garbled*] the arrangement that the public announcement of the truce would be made by the American mediators and that the Government and the Communists were to refrain from any announcement.

This information was transmitted immediately at 1:30 on October 6 to the Communist representative, Wang Ping Nan, for transmittal by him to General Chou En Lai in Shanghai.

On Tuesday, October 8, Wang Ping Nan delivered verbally the reply from Yenan through General Chou En Lai, the substance of which was as follows:

"One. The truce should be without a time limit because, based on previous experience, it would otherwise be unsatisfactory. The proposal would seem to be a strategy unless the government troops were withdrawn to their original positions, thus demonstrating the sincerity of the government.

"Two. The Communist Party wishes to have the three and five-man committees to meet, but the discussion should not be limited to the two paragraphs of the October 2 communication of the Generalissimo. These topics dealt with under truce conditions may be regarded as under military coercion.

"Three. No reply had been sent to the communication of October 2 because the Communist Party had been hoping to have some word from General Marshall and Dr. Stuart clarifying the situation for peace. The latest proposal implies that the situation has not changed much. General Chou is therefore preparing to send a formal written reply and sees no need for his returning to Nanking."

Ambassador Stuart Urges United China

[Released to the press October 10]

Text of a statement by John Leighton Stuart on the occasion of the thirty-fifth anniversary of Double Tenth Day (Chinese national holiday), October 10, 1946

It happened that I was living in Nanking at the time of the revolution which led to the establish-

ment of the Republic of China and had the privilege of becoming acquainted with the great leader of that movement as well as with many others closely associated with him. I sympathized heartily then with the aims and ideals of that group of devotedly patriotic followers of Dr. Sun, and have never lost my enthusiastic confidence in the ultimate achievement of what they had so heroically undertaken. The struggle has been continued against selfish or reactionary forces within the country and against ruthlessly determined foreign aggression, but the spirit which won against the Manchu Dynasty is still actively at work. This was notably apparent among the students during the period of their anti-Japanese activities which contributed so largely to the whole peoples' war of resistance.

Because of this experience of mine as to the splendid potentialities in Chinese patriotic efforts, I eagerly hope that there may now be another internal revolution, under the leadership of the present thoroughly worthy successor of Dr. Sun, gathering together the liberal, forward-looking, genuinely patriotic elements of all political parties or of none, against the present enemies of China which are the narrowly partisan, or selfishly unscrupulous, or ignorantly reactionary forces among her own people who are now obstructing the progress toward a united, peaceful, constitutional democracy as advocated by those who made possible the anniversary we are now celebrating.

American Ambassador to Poland to Return to U. S. for Consultation

[Released to the press October 10]

The American Ambassador to Poland, Arthur Bliss Lane, is expected shortly to return to the United States on leave and for a brief period of consultation in the State Department. This will be the Ambassador's first visit to the United States since he arrived in Warsaw in July 1945 to reopen the American Embassy.

While the Ambassador is in the United States he will discuss with officials a number of questions which have arisen in our relations with Poland.

U.S. Interest in Civil Liberties in Yugoslavia

STATEMENT BY ACTING SECRETARY ACHESON¹

I have been asked if I would be willing to make some comment or statement about the trial and conviction of Archbishop Stepinac, and I shall. It necessarily cannot be specific. What I should like to say is that we have for a long time been concerned about civil liberties in Yugoslavia. You will recall at the time we recognized the Government of Yugoslavia, we drew their attention to what we thought was the undesirable situation in that field and reminded them of their undertakings under the United Nations Charter in which all of these matters are specifically dealt with and urged that the matter be rectified as soon as possible. We have since recognition unhappily had to take up a very considerable number of cases with the Yugoslav Government where we have felt that trials of our own citizens were unfairly conducted. It is this aspect of the Archbishop's trial which I am able to say now concerns us. We do not have, of course, a record of the trial, nor have we had a specific report from our Embassy in regard to it. Therefore, our information about it is the same as that you have, which is that which has been conveyed through the press.

It is the civil liberties aspect of the thing which causes us concern: aspects which raise questions as to whether the trial has any implications looking toward the impairment of freedom of religion and of worship; the aspects of it which indicate at least to the reporters who reported it from the spot that the actual conduct of the trial left a great deal to be desired.

You will recall that under the Constitution and law of the United States fairness of trial is guaranteed under the 14th amendment, and the Supreme Court of the United States has set aside as not being legal procedure at all trials in which the courtroom has been dominated by feelings adverse to the defendant by demonstrations of prejudice. That is deeply inherent in the American system, that the very essence of due process of law is that

in trials we shall lean over backwards in being fair to the defendant, in the atmosphere in the courtroom, in forbidding demonstrations of spectators, in opportunity of facing and cross-examining witnesses—all these matters seem to us to be absolutely inherent in the matter of a fair trial. It is that aspect of the thing, on which one can have no final evidence until a record and detailed reports are available, which causes us concern and deep worry.

Yugoslavia Asked To Reconsider Compensation for Loss of Aircraft

[Released to the press October 9]

Upon instructions from the Department of State, the American Ambassador to Yugoslavia on October 8 delivered a note to the Yugoslav Government acknowledging the receipt of \$150,000 as indemnity for the lives of the five American aviators who were killed when their unarmed transport plane was shot down over Yugoslavia on August 19. The note further stated that, in compliance with the request of the Yugoslav Government, the United States Government would distribute this sum in five equal payments of \$30,000 each to the families of the deceased. The note added, however, that the United States Government could not accept the Yugoslav contention that the Yugoslav Government has no responsibility for the loss of the unarmed transports shot down on August 9 and 19, that these planes did not fly over Yugoslavia illegally but for reasons beyond their control resulting from adverse weather conditions and that therefore the United States Government must ask the Yugoslav Government to reconsider its refusal to make compensation for the loss of the two aircraft.

Publications

The Department of State issued on October 14, 1946 a new publication entitled, "United States Import Duties, June 1946". This publication brings together all existing rates of duty on imports into the United States. It was prepared by the United States Tariff Commission at the request of the Department of State specially for use in connection with negotiations under the authority of the Trade Agreements Act of 1934.

¹ Made at the Acting Secretary's press and radio news conference on Oct. 11 and released to the press on the same date.

Mission to Germany on Export-Import Problems

A group of Government officials is going to Germany on October 8 to discuss with Generals McNarney and Clay the implementation necessary in this country for the import-export program of the American zone in Germany. The group is headed by Howard C. Petersen, Assistant Secretary of War, and George E. Allen, Director of the Reconstruction Finance Corporation. Included in the party are: John D. Goodloe, General Counsel, RFC; DeWitt C. Schieck, President, U.S. Commercial Company; as representatives of the Commerce Department, Arthur Paul, Director of Foreign Commerce, and Murray H. Marker, Deputy Director; State Department, Charles C. Hilliard, assistant to Assistant Secretary of State for occupied areas; Treasury Department, Harold G. Glasser, Assistant Director, Division of Monetary Research; War Department, Col. Charles W. McCarthy, Executive Officer to the Assistant Secretary of War, Col. James McCormack, Jr., Plans and Operations Division, Lt. Col. Roland F. Hartman, Civil Affairs Division, and Capt. Hugh F. Boyd.

One of the objectives of our occupation policy in Germany is to assist in the revival of German economy to the extent that Germany may be able to export goods in amounts sufficient to pay for her essential imports. At the present time, the United States Government is spending for essential imports into Germany, such as food, very large sums of money. It will be necessary to continue to do this until German export trade very substantially increases. The purpose of this mission to Germany is to examine all facets of the German export-import program.

¹ Not printed.

² The U.S. note is similar to the note of May 4 sent to the Bolivian Government, which together with the Bolivian reply is printed in the BULLETIN of June 16, 1946, p. 1049. For replies of other governments to similar U.S. notes, see (Norway) BULLETIN of July 7, 1946, p. 38; (Belgium) BULLETIN of July 14, p. 79; (Spain) BULLETIN of July 28, 1946, p. 174; (Ethiopia) BULLETIN of Aug. 4, 1946, p. 235; (Egypt) BULLETIN of Sept. 1, 1946, p. 431; (Portugal) BULLETIN of Sept. 8, 1946, p. 463; (Denmark) BULLETIN of Sept. 29, 1946, p. 596; (Dominican Republic) BULLETIN of Oct. 13, 1946, p. 691.

Investigation of Incident Relating to Arrival of Soviet Ambassador

STATEMENT BY
ACTING SECRETARY ACHESON

[Released to the press October 11]

The Department of State has acknowledged the receipt of the note from the Soviet Embassy concerning the difficulties which the Soviet Ambassador states he encountered upon arrival in New York on October 4 and has informed the Embassy that an investigation is being made. The Department had no advance notice of the Ambassador's arrival and therefore had no opportunity to request the appropriate United States authorities to make special arrangements for his clearance. Nevertheless, it is the practice of this Government to accord, regardless of advance notification, all the usual diplomatic courtesies to Chiefs of Mission upon arrival, and the Department is fully investigating the incident described in the Soviet note.¹

Treaty Obligations and Philippine Independence

REPLY OF YUGOSLAV GOVERNMENT
TO U. S. NOTE¹

EMBASSY OF THE FEDERAL
PEOPLE'S REPUBLIC OF YUGOSLAVIA

SIR:

I have the honor to inform you that the Government of the Federal People's Republic of Yugoslavia has accepted the proposal of the Government of the United States of America that the most-favored-nation provisions of the Treaty for Facilitating and Developing Commercial Relations between the United States and Yugoslavia signed October 2/14, 1881, shall not be understood to require the extension to Yugoslavia of advantages accorded by the United States to the Philippines.

Accept [etc.]

S. N. KOSANOVIC
Ambassador of Yugoslavia

WASHINGTON, October 3, 1946

Military Aviation Mission Agreement With Peru

[Released to the press October 7]

In conformity with the request of the Government of the Republic of Peru there was signed on Monday, October 7, 1946, at 3 p.m., by Acting Secretary Acheson and Jorge Prado, Ambassador Extraordinary and Plenipotentiary of Peru to the United States, an agreement providing for a United States Army Air Forces mission to Peru for the purpose of instruction of the personnel of the Peruvian Air Corps.

The agreement is to continue in force for four years from the date of signature and may be extended beyond that period at the request of the Government of Peru.

The provisions of the agreement are similar to those in agreements between the United States and other American republics providing for the detail of officers and enlisted men of the United States Army, Navy, or Marine Corps to advise the armed forces of those countries. The provisions relate to the duties, rank, and precedence of the personnel of the mission, the travel accommodations to be provided for the members of the mission and their families, the provision of suitable medical attention for the members of the mission and their families, and other related matters.

Letters of Credence

AMBASSADOR OF HAITI

The newly appointed Ambassador of Haiti, Joseph D. Charles, presented his credentials to the President on October 8. For texts of the Ambassador's remarks and the President's reply, see Department of State press release 709.

AMBASSADOR OF EGYPT

The newly appointed Ambassador of Egypt, Mahmoud Hassan, presented his credentials to the President on October 10. For texts of the Ambassador's remarks and the President's reply, see Department of State press release 713.

Rank of Embassy for Diplomatic Missions in Cairo and Washington

[Released to the press September 19]

The Governments of the United States and Egypt have agreed to an exchange of ambassadors and to the raising of their respective diplomatic missions in Cairo and Washington to the rank of embassy.

The President in a recess appointment is naming S. Pinkney Tuck, present American Minister to Egypt, as the first United States Ambassador to that country. The President has also signified his approval of the Egyptian Government's proposal to accredit Mahmoud Hassan as Ambassador to the United States.

The United States has maintained diplomatic representatives in Egypt for the past 70 years, an Agent and Consul General having been appointed in 1876. The status of the mission was raised to the rank of legation in 1922, and since that time there have been six American Ministers Plenipotentiary at the Egyptian capital.

Mr. Tuck began his diplomatic career in Egypt, having been appointed Deputy Consul at Alexandria in 1913. After serving at posts in Turkey, Russia, Switzerland, Czechoslovakia, Hungary, France, Belgium, and Argentina, he returned to Egypt in 1944 as Minister.

Mahmoud Hassan Pasha was appointed Minister to the United States in 1938 after a distinguished career in law and diplomacy. In addition to having served as master of ceremonies at the Royal Palace, Cairo, and assistant "Procureur Général", he was a judge of the Mixed Courts in Egypt from 1930 to 1936 after having held diplomatic posts in France, Belgium, and Czechoslovakia. From 1936 to 1938 he was Minister to Sweden.

Publication of the Pan American Union

The United States and Latin America, a Survey of Recent Changes in the Relations Between the United States and the Other American Republics, by William Manger, Counselor of the Pan American Union, 1946, 32 pp. Copies may be secured from the Chief Clerk, Pan American Union, Washington, D. C. Price 15¢.

THE DEPARTMENT

Appointment of Officers

Herbert S. Marks as Special Assistant, Office of the Under Secretary, effective September 27, 1946.

George C. McGhee as Special Assistant, Office of the Under Secretary for Economic Affairs, effective September 27, 1946.

Edward T. Cummins as Executive Secretary, Policy Committee on Arms and Armament, Office of Assistant Secretary for Occupied Areas, effective May 20, 1946; also, Chief of Munitions Division, effective September 16, 1946.

Paul H. Nitze as Deputy Director, Office of International Trade Policy, effective September 15, 1946.

Dwight S. Mallon as Special Assistant for Public Relations (United Nations), Office of Special Political Affairs, effective August 11, 1946.

Charles A. Thomson as Adviser, Office of International Information and Cultural Affairs, effective October 3, 1946.

Hamilton MacFadden as Associate Chief, International Motion Pictures Division, effective September 25, 1946.

J. Robert Paxton as Special Assistant to Associate Chief, International Motion Pictures Division, effective September 25, 1946.

Samuel W. Boggs as Special Adviser on Geography, Office of Special Assistant for Research and Intelligence, effective October 3, 1946.

Arthur R. Ringwalt as Chief, Division of Chinese Affairs, Office of Far Eastern Affairs, effective September 9, 1946.

Edward G. Trueblood as Deputy Director, Office of American Republic Affairs, effective September 16, 1946.

William W. Chapman, Jr., as Executive Assistant, Office of Assistant Secretary for Administration, effective March 18, 1946.

Edward E. Hunt as Associate Chief, Special Projects Division, Office of Controls, effective July 28, 1946.

Francis H. Russell as Director, Office of Public Affairs, effective October 9, 1946.

Kenneth D. Fry as Chief, International Broadcasting Division, effective August 26, 1946.

Richard H. Heindel as Chief, Division of Libraries and Institutes, effective May 28, 1946.

James R. Johnstone as Special Assistant, Division of Central Services, Office of Departmental Administration, effective July 28, 1946.

Charles Henry Lee as Special Assistant to Director, Office of American Republic Affairs, effective July 15, 1946.

Departmental Regulations

132.20 Office of Public Affairs (PA): (Effective 9-16-46)

I RESPONSIBILITY. PA shall be responsible for the

¹ The Division of Historical Policy Research and the Division of Publications replace the Division of Research and Publication as described in BULLETIN SUPPLEMENT of Dec. 17, 1944, p. 793.

formulation and coordination of policy and action concerning the United States public aspects of foreign relations.

II FUNCTIONS. The Office of the Director shall direct and coordinate the activities of the Divisions; review and integrate policies formulated in the Divisions; and establish and maintain adequate liaison at the Office level and above within the Department, and with other Government agencies. Through the Executive Officer, it shall plan, recommend, and install methods and procedures designed to improve the effectiveness of PA; examine into the administrative feasibility of proposed programs; represent PA on all management and administrative service matters; and provide administrative services for PA. It shall also provide such special writing services on domestic informational aspects of foreign relations as may be required in PA and other Offices of the Department.

III ORGANIZATION. PA shall be headed by a Director who shall report and be responsible to the Assistant Secretary for Public Affairs, and it shall consist of the following organization units:

A Office of the Director which shall consist of a Director, a Deputy Director, an Executive Officer, and such other assistants and advisers as may be necessary.

B Division of Public Liaison (PL).

C Division of Public Studies (PS).

D Division of Historical Policy Research (RE).¹

E Division of Publications (PB).

132.21 Division of Public Liaison (PL): (Effective 9-16-46)

I FUNCTIONS. PL of the Office of Public Affairs (PA) shall;

A Maintain liaison with the following listed informational media for the purpose of making available, upon request, information concerning United States foreign policy, except for news items released to the press by the Special Assistant to the Secretary for Press Relations:

1 Editors and writers of magazine and news-feature services and syndicates.

2 Authors and publishers of books and pamphlets.

3 Radio commentators and radio networks; arranging in some cases, upon request, for participation of the Secretary of State, the Under Secretaries, and other ranking officers in broadcasts.

4 Motion picture producers.

B Maintain liaison between the Department and non-Governmental organizations and groups such as veterans organizations, women's groups, educational groups, and so forth; and assist them in presenting American foreign-policy issues to their memberships.

C Make available to Congress and other agencies of the Government, background information regarding foreign relations.

D Arrange speaking engagements for Departmental officers in response to requests received from organizations and groups.

E Prepare replies to public-comment mail concerning American foreign policy addressed to the President, the Secretary of State, and other Departmental officers.

II ORGANIZATION. PL shall be composed of the following organization units:

- A Office of the Chief.
- B Group Relations Branch.
- C Visual Media Branch.
- D Periodicals and Feature Press Branch.
- E Radio Branch.

132.22 Division of Public Studies (PS): (Effective 9-16-46)

I FUNCTIONS. PS of the Office of Public Affairs (PA) shall:

A Analyze every available type of public expression, including comment from press, radio, and magazines, as well as statements by outstanding public leaders, views of organized groups, various public opinion surveys, and correspondence received by the President and the Secretary of State commenting on foreign relations.

B Prepare for the policy officers, daily, weekly, fortnightly, and special reports on public attitudes and opinion developments on all important phases of foreign relations.

C Advise policy officers of the Department regarding the attitudes, opinions, and areas of lack of information on the part of the American public concerning American foreign policy.

D Make recommendations, based upon its analyses, for development of information policy that will achieve maximum public understanding of foreign policy questions.

II ORGANIZATION. PS shall be composed of the following organization units:

- A Office of the Chief.
- B Analysis Branch.
- C Special Activities Branch.

132.23 Division of Historical Policy Research (RE): (Effective 9-16-46)

I FUNCTIONS. RE of the Office of Public Affairs (PA) (in cooperation with the Office of Intelligence Coordination and Liaison (OCL) in the execution of closely related projects) shall be responsible for the formulation and execution of policy with respect to Departmental research in the field of American foreign policy, historically considered; including specifically the following functions:

A Prepare the basic documentary record of the foreign policy of the United States for publication in the *Papers Relating to the Foreign Relations of the United States*, and other comparable collections of diplomatic papers.

B Prepare the basic analytical and interpretative record of American foreign policy in the form of confidential background research studies relating to United States policy with reference to specific areas and to specific problems, for the use of the Secretary, Under Secretaries, and other policy officers.

C Cooperate with OCL by providing reports in the field of RE's exclusive responsibility for background studies in American foreign policy and diplomatic relations.

D Provide an advisory service on matters of historical American foreign policy to the policy officers of the Department.

E Maintain liaison for the Department with the National Archives, and formulate and execute Department policy with respect to the retirement of its records to the National Archives, including servicing of Government officials and qualified scholars desirous of consulting the Department's records and the formulation and execution of policy with respect thereto.

F Prepare and annotate the permanent official record of the Treaties of the United States (*Treaties and Other International Acts of the United States of America*).

G Prepare and annotate the *Territorial Papers of the United States*.

H Maintain the Department's Library.

I Discharge the Department's responsibilities with regard to amendments to the Constitution, and ascertain the electors for President and Vice President.

J Conduct research on behalf of the Interdivisional Publication Committee, in connection with the clearance of manuscripts prepared by employees of the Department and by employees of the Foreign Service, their wives, and immediate families.

K Prepare correspondence involving research in historical American foreign policy, and maintain an information service on these and related matters.

L Undertake from time to time, special research projects intimately related to historical American foreign policy, such as the preparation for publication and publication of captured Axis foreign office material, and other documentation.

II ORGANIZATION. RE shall be composed of the following organization units:

A Office of the Chief which will include the Editor of the *Treaties*; the Editor of *Territorial Papers*; and such assistants, consultants, and appurtenant staff as may be deemed necessary.

B Foreign Policy Studies Branch.

C Foreign Relations Branch.

D Library Branch.

132.24 Division of Publications (PB): (Effective 9-16-46)

I FUNCTIONS OF THE DIVISION. PB of the Office of Public Affairs (PA) shall be responsible for the initiation and coordination of the publication policy of the Department, and for the execution of the Department's publishing program, including the following functions:

A Maintain a continuing survey of relevant developments and information concerning American foreign relations as a basis for appraising Departmental publishing needs and initiating appropriate programs.

B Plan, formulate, and execute, with the cooperating and other affected Divisions throughout the Department, a continuing program of publications, including major books and pamphlets, in the field of American foreign relations, for:

- 1 Use of Government officials.
- 2 Widespread public dissemination.

C Prepare and publish the *Department of State*

Bulletin, the *Register of the Department of State*, and other books and pamphlets as required.

D Compile and publish the *United States Statutes at Large*, and publish the laws originally in slip form.

E Edit all other official material published by the Department.

F Administer the Department's Printing and Binding appropriation, and prepare the Department's printing budget.

G Maintain the Department's liaison with the Government Printing Office, and with the National Archives in respect to the *Federal Register* and the *Code of Federal Regulations*.

H Plan and execute domestic distribution of Department publications, and administer the Department's mailing lists therefor.

II ORGANIZATION. PB shall be composed of the following organization units:

A Office of the Chief which will include the Editor of the Bulletin and such appurtenant staff as may be necessary.

B General Editing Branch.

C Foreign Relations Editing Branch.

D Operations Branch.

E Laws Branch.

123.7 Munitions Division (MD): (Effective 10-1-46)

I FUNCTIONS. MD, Office of Controls (CON), under the general administrative direction of the Director of CON will be responsible for:

A Administering legislation and agreements pertaining to the control of international traffic in arms, ammunition, and implements of war, so far as such administration is vested in the Department of State.

B Administering the duties with which the Department may be concerned in sections (1) and (2) of Title 1 of the Espionage Act, dated June 15, 1917, relating to the exportation of articles involving military secrets and the control of the dissemination of military information.

C Performing the duties with which the Department may be concerned in connection with the administration of the Tin Plate Scrap Act of February 15, 1936, and the Helium Act of September 1, 1937.

D Registering manufacturers, exporters, and importers of arms, ammunition, and implements of war.

E Licensing exports and imports of arms, ammunition, implements of war, and of the exportation of helium gas and tin-plate scrap.

F Assembling and maintaining information and records pertaining to persons and firms engaged in arms traffic, and rendering assistance to the Department of Justice and other departments and agencies of the Government in the investigation and prosecution of offenses within the scope of the duties of the Division.

G Preparing reports on the registration of manufacturers, exporters, and importers of arms, ammunition, and

implements of war; on licenses issued authorizing the exportation and importation, and on actual exports and imports of such articles; and on the exportation of helium gas and tin-plate scrap.

H Clearing with the National Inventors Council of the Department of Commerce, inventions referred to the Department of State for evaluation as to their military significance.

I Assisting the Secretary of State in the performance of his duties as Chairman and Executive Officer of the National Munitions Control Board.

J Maintaining liaison with the War and Navy Departments, and with other Departments and agencies of the Government regarding matters within the jurisdiction of the Division.

K Assisting and collaborating with the Policy Committee on Arms and Armaments on:

1 Policy and action of the Department on problems arising from international traffic in arms, ammunition, and implements of war and other munitions of war and the relation of controls over such articles to the national defense of the United States.

2 Other matters within the jurisdiction of that Committee.

L Collaborating with other Divisions and Offices which may be concerned in performing the above functions.

142.11 Division of Central America and Panama Affairs (CPA):¹ (Effective 9-25-46)

I FUNCTIONS. Under the general direction of the Director of the Office of American Republic Affairs (ARA), CPA shall be responsible for the formulation and coordination of over-all United States policy and action in regard to all aspects of the relation of the United States with countries in the area of responsibility; and, as to these countries, the coordination of the programs and activities of other Divisions and Offices of the Department and of other Governmental agencies with over-all United States foreign policy.

II AREA OF RESPONSIBILITY. The area of responsibility of CPA shall be as follows: Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama. Jurisdiction with respect to the non-United States colonial possession (British Honduras) is shared with the appropriate Division of the Office of European Affairs (EUR).

142.12 Division of Caribbean Affairs (CAB): (Effective 9-25-46)

I FUNCTIONS. Under the general direction of the Director of the Office of American Republic Affairs (ARA), CAB shall be responsible for the formulation and coordination of over-all United States policy and action in regard to all aspects of the relations of the United States with countries in the area of responsibility; and, as to these countries, the coordination of the programs and activities of other Divisions and Offices of the Department and of other Governmental agencies with over-all United States foreign policy.

¹The Division of Caribbean and Central American Affairs was abolished as of Sept. 25, 1946.

AREA OF RESPONSIBILITY. The area of responsibility CAB shall be as follows: Cuba, Haiti, Dominican Republic, the Guianas, and the colonial islands in the Caribbean area. These colonial islands include Puerto Rico and the Virgin Islands which are administered under the United States Department of the Interior, and island possessions of the British, French, and Dutch Governments. Jurisdiction with respect to the non-United States colonial possessions is shared with the appropriate Divisions of the Office of European Affairs (EUR).

Liquidation of Activities in Connection With the Terminated Office of Inter-American Affairs (OIAA), Inter-American Navigation Corporation (IANC), Prencinradio, Inc. (PCR), and Institute of Inter-American Transportation (IIAT). (Effective 5-20-46)

Executive Order 9710 of April 10, 1946, effective as the opening of business, May 20, 1946, terminated the Office of Inter-American Affairs (OIAA) and all of its functions, except the duty of winding up any affairs relating to the Office and its functions which remained undisturbed on the effective date, and the functions of the Director of the Office with respect to the corporations named below.¹ The duty of winding up the affairs of the Office and the functions of the Director with respect to the corporations, together with the records, property, funds and the personnel of the Office remaining on the effective date, were transferred to the Secretary of State.

The liquidation of the affairs of the terminated Office will be carried on to completion, under the general supervision and control of the Secretary of State, represented by a committee composed of Messrs. Charles H. Lee, Joseph Panuch, George C. McGhee, and Kenneth Holland of the Department. By delegation of authority effective June 30, 1946, the Secretary designated certain individuals who are officers of the Institute of Inter-American Affairs familiar with the transactions involved as Acting Officer in Charge of the liquidation and as Fiscal Officer of Liquidation. Subject to the policy control of the committee, the responsibility of these officers includes determination for the conduct of administrative matters, the execution and modification of contracts, and grants-in-aid, the disposition of records and files, and the necessary fiscal transactions, including certification of vouchers payable against the funds transferred to the Secretary of State, maintenance of necessary accounting records, rendition of required accounting and other fiscal reports and statements, requisition of disbursing funds, and obtaining and processing fiscal and performance reports under contracts and grants-in-aid. Whenever consolidated reports or other information is required by the Treasury Department, Budget Bureau, General Accounting Office, other Government agencies or the Congress, relating to the appropriations involved, the reports and information will be furnished or cleared through the Office of Budget and Finance (OBF) of the Department.

The Secretary of State succeeded to the functions of the Director of OIAA with respect to the following named corporations:

A Corporations Continuing in Active Operations. The Institute of Inter-American Affairs (IIAA) and the Inter-American Educational Foundation, Inc., (IAEF) will continue to carry out existing programs. Their functions, organization, management and relationship to the Department are described generally in Departmental Regulations 193.2 and 193.3.

B Corporations in Liquidation.

1 General Description

a The Inter-American Navigation Corporation (IANC). This stock corporation carried on a program for supplementing existing shipping facilities in the Latin American trades. It has been dissolved and its three-year liquidation period ends in February 1947.

b Prencinradio, Inc. (PCR). This membership corporation carried out certain radio and motion picture projects in the other American republics. It has been dissolved and its three-year liquidation period will end in May 1949.

c The Institute of Inter-American Transportation (IIAT). This stock corporation carried out the terms of a cooperative agreement with the Republic of Mexico to rehabilitate and improve the operating efficiency of certain key sections of the National Railways of Mexico, and is in the process of being dissolved. After dissolution, it will be in liquidation for a period of three years.

2 Management, Administration and Clearance

a The Boards of Directors of these three corporations are composed of a representative from the offices of the Assistant Secretaries of State for American Republic Affairs, Economic Affairs, Public Affairs, and Administration, and one or more officials from each corporation, and have full powers, control, and management of the corporations, including authority to wind up their affairs and effect their final dissolution and liquidation. The officers of each corporation are elected by the Board of Directors and carry out the operations of these entities in accordance with the directives, orders, and resolutions of their Boards.

b Each of the corporations operates as an independent entity with its administrative services (personnel, legal, fiscal, budget, and so forth) and other general services being performed in the United States and in the other American republics through the facilities of IIAA.

c All formal policy communications between the Department and each corporation will clear through the office of the Assistant Secretary for American Republic Affairs; otherwise, existing liaison relationships and communication channels between each corporation and offices of the Department concerned with its operations remain unchanged.

¹ BULLETIN of Apr. 21, 1946, p. 685.

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